

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER
Monday March 5 1984
D 8523 B

Which way next
for the
dollar, Page 14

Table with exchange rates for various countries including London, New York, Hong Kong, and others.

NEWS SUMMARY

GENERAL
Soviets reject Chinese approach
The new Soviet leadership has rejected Chinese pleas for ending the deadlock in relations between the world's two foremost Communist powers.

BUSINESS
UK banks set aside £1bn for bad debts
UK BANKS: The four biggest, Barclays, National Westminster, Midland and Lloyds, will probably have to set aside more than £1bn (\$1.6bn) to cover bad debts, at home and abroad, in 1983. Page 9

ATTACK MAY HAVE 'OMINOUS' SIGNIFICANCE FOR OIL SUPPLIES

Gulf tensions rise after Iraqi missile hits cargo ship

BY OUR FOREIGN STAFF
AN INDIAN cargo vessel on charter to Iran has been hit by an Iraqi missile near the port of Bushehr, it was confirmed at the weekend by the ship's owners in Bombay.

UK groups unite in channel tunnel campaign

By Richard Johns in London
FIVE leading UK construction companies have joined forces to campaign for a twin single-track railway tunnel under the English Channel with roll-on, roll-off facilities for vehicles.

Belgian franc lost ground within the European Monetary System towards the end of last week.

Shipping companies "must realise this truth without venturing any more into trade with Iran because all they will reap will be definite losses" the commander said.

Syrian pact with Shia and Druze

BY NORA BOUSTANY IN BEIRUT
PRESIDENT HAFEZ Assad of Syria yesterday agreed with Lebanese opposition leaders Mr Nabih Berri and Mr Walid Jumblatt a constitutional mechanism for cancelling Lebanon's troop withdrawal agreement with Israel.

clearly believes to be the use of chemical weapons by Iraq. In London the British Foreign Office rejected Tehran's charges that the UK had been supplying chemical weapons to Baghdad as well as aircraft and tanks, as Iran has alleged.

Gulf Oil and Arco explore bid terms

By William Hall in New York
THE BOARD of Gulf Oil Corporation, the fifth biggest U.S. oil company, is expected to hold an emergency board meeting in Pittsburgh today to discuss what Wall Street analysts believe is the biggest corporate takeover offer in U.S. history.

Florida may drop unitary tax scheme

BY NANCY DUNNE IN WEST PALM BEACH
FLORIDA, the U.S. state which most recently introduced unitary taxation, may be the next to abandon it. A panel appointed by the state governor to study the tax has recommended unanimously that it be dropped.

Ustinov in India
Soviet Defence Minister and Politburo heavyweight Marshal Dmitri Ustinov today starts his delayed visit to India, which Western diplomats believe is intended to strengthen military and naval links.

Mitterrand's visit
French President Francois Mitterrand today starts his visit to London to discuss the need to break the deadlock over ERM finance.

French school protest
The Archbishop of Paris Cardinal Jean-Marie Lustiger led a mass protest along the Avenue de la Mass in Versailles against the French Government's plan to integrate public schools with the private ones.

Call for prosecution
Israel Government hardliners are calling for the prosecution of moderate West Bank leaders who met Palestinian Liberation Organisation leader Yassir Arafat. Page 2

Basque murdered
French police found the body of a Basque man who had been beaten to death in a tennis court at Pau, near the Spanish border.

New South Wales poll
New South Wales Premier Neville Wran called a snap election for March 24 in which the key issues will be allegations of corruption in the state's Labor Party government.

Volta toll 'near 1,000'
Government-owned New Nigerian newspaper said that up to 1,000 people had been killed in a week of religious violence in the north-western region of Volta where fighting was still raging.

Plumming the depths
British fruit scientists are trying to propagate trees using tissue culture techniques from well preserved plums found in the wreck of the raised warship Mary Rose, which is more than 400 years old.

Highest pole vault
French pole vaulter Thierry Vigner on jumped a world's highest 5.85m (just over 15 ft 11 in) in the European indoor athletics championships in Gothenburg, but it cannot count as a world record because it was indoors.

with Mr Gemayel as soon as the Lebanese president repeats the accord with Israel. This agreement, reached on May 17 last year, provided for the withdrawal of foreign forces from Lebanon.

What was evident yesterday, after the flurry of meetings in the Syrian capital, was that President Assad had succeeded in softening the rigid stands of the Lebanese opposition leaders.

Martens seeks new austerity measures

BY OUR BRUSSELS STAFF
MR WILFRIED Martens, Belgium's Prime Minister, called his senior ministers into secret session at the weekend to work out a new austerity programme designed to trim the Government's financial deficit of BF 507bn (\$8.62bn) by BF 200bn over the next three years.

ent methods of raising revenue such as lifting an exemption from state sales tax for computer software and increasing the annual fees paid for filing company reports.

Florida is traditionally an agricultural and tourism state, but has aggressively pursued a strategy of diversification over the last five years in which international trade has played a leading role.

Protest on Japanese typewriters

By Alan Friedman in Milan and Paul Cheeseright in Brussels
EUROPE'S major typewriter manufacturers have filed an application before the European Commission to stop "unfair dumping practices" by several Japanese producers of electronic typewriters.

Olivetti, the leading office automation group, said on Friday that the Committee of European Typewriter Manufacturers (Cetma) had filed an application for the initiation of a proceeding against Japanese producers who had violated the General Agreement on Tariffs and Trade (GATT) rules.

It is estimated that the construction period for the proposed project would be six years.

It involves two tunnels, each seven metres in diameter, bored about 40 metres under the seabed. It is planned that trains would operate at five-minute intervals with a capacity to carry 3,600 cars an hour in either direction.

Contents

Table of contents listing various sections and their page numbers, including International Companies, World Trade, Britain, etc.

Advertisement for ANZ Bank with text: 'We gave up beating about the bush years ago.' Includes contact information for various locations.

OVERSEAS NEWS

Call to prosecute West Bank leaders who met Arafat

BY OUR TEL AVIV CORRESPONDENT

**HARDLINERS** in the Israeli Government want to prosecute a delegation of moderate West Bank leaders who met Mr Yasir Arafat, the Palestine Liberation Organisation (PLO) chairman, to voice their support for peace negotiations between Jordan and Israel.

Mr Yitzhak Shamir, Israel's Prime Minister, aware that such a move would trigger international uproar, is reported to be resisting the pressure but has yet to make a public statement.

The issue's sensitivity was shown yesterday when the Cabinet discussed the matter. To assure there were no leaks, it convened as the Ministerial Defence Committee, whose deliberations are barred by law from publication.

A Cabinet statement asserted the delegation had violated military law in the Israeli-occupied West Bank, which proscribes contact with the PLO. "Instructions were issued in accordance with government policy," it added, but did not disclose what these were.

The delegation of 38 moderates, among them Mr Elias Freil, Bethlehem's Mayor, met Mr Arafat in Amman last week. Some of them said they had urged the PLO chief to give King Hussein a mandate to enter peace negotiations with Israel.

The Israeli Government itself has repeatedly called on the king to begin a peace dialogue.

Mr Ariel Sharon, Minister Without Portfolio, who is increasingly critical of Mr Shamir's leadership, and who as former Defence Minister was responsible for the West Bank, said it was the first time anybody from the territory had dared to meet publicly with the PLO.

The Cabinet also discussed the Lebanon situation, but no new steps were disclosed. Eleven Israeli soldiers were wounded by three explosions in the South Lebanese port of Sidon yesterday, the army said.

It also announced that last Friday, Israeli soldiers shot dead two motorists south of Sidon. The army said the two men tried to flee after ignoring a warning to identify themselves.

'Up to 1,000' killed in Nigeria violence

LAGOS—Up to 1,000 people have died in a week of religious violence in the north-eastern Nigerian city of Yola, where fighting is still raging, the government-owned New Nigerian newspaper said yesterday.

Hospital officials gave a figure of 250. A government official said on Wednesday that 137 people died in the disturbances, which began last Monday.

The newspaper said about 500 bodies had been removed from the Yola hospital for mass burial. The News Agency of Nigeria said 100 bodies were buried in a mass grave on Tuesday.

Troops moved in on Friday to quell fighting by Moslem fundamentalists who had regrouped and were using "sophisticated weapons" to beat back police, a police spokesman said.

The religious violence, the country's third outbreak in just over three years, was started by followers of the Moslem fundamentalist leader, Muhammadu Marwa Maitatsine, police said.

He was killed in rioting in the northern city of Kano three years ago. An official report said more than 4,000 people died in these riots, which were suppressed by the army.

The newspaper said the streets of Yola were littered with bodies of suspected Moslem fanatics lynched by mobs. Many people had been killed in cross-fire when they emerged from the rioters' enclaves.

Hundreds of men, women and children who fled their homes were camped in refugee sheds in police and army barracks as well as an open field in one of the city's districts, the newspaper added.

Snap election called in New South Wales

By Michael Thompson-Noel in Sydney

MR NEVILLE WRAN, Labor premier of New South Wales, yesterday called a snap state election for March 24, in which the key issue will be allegations of widespread corruption in New South Wales government, judiciary and police.

At the same time, Mr Bob Hawke, the Australian Prime Minister, gave the strongest possible hint that he would call an early general election, probably next March.

The Hawke government in Canberra has ruled for exactly one year. In New South Wales, Mr Wran—who is president of the Australian Labor Party—claims that the state government has been "bounced" by an orchestrated opposition and media campaign alleging widespread corruption.

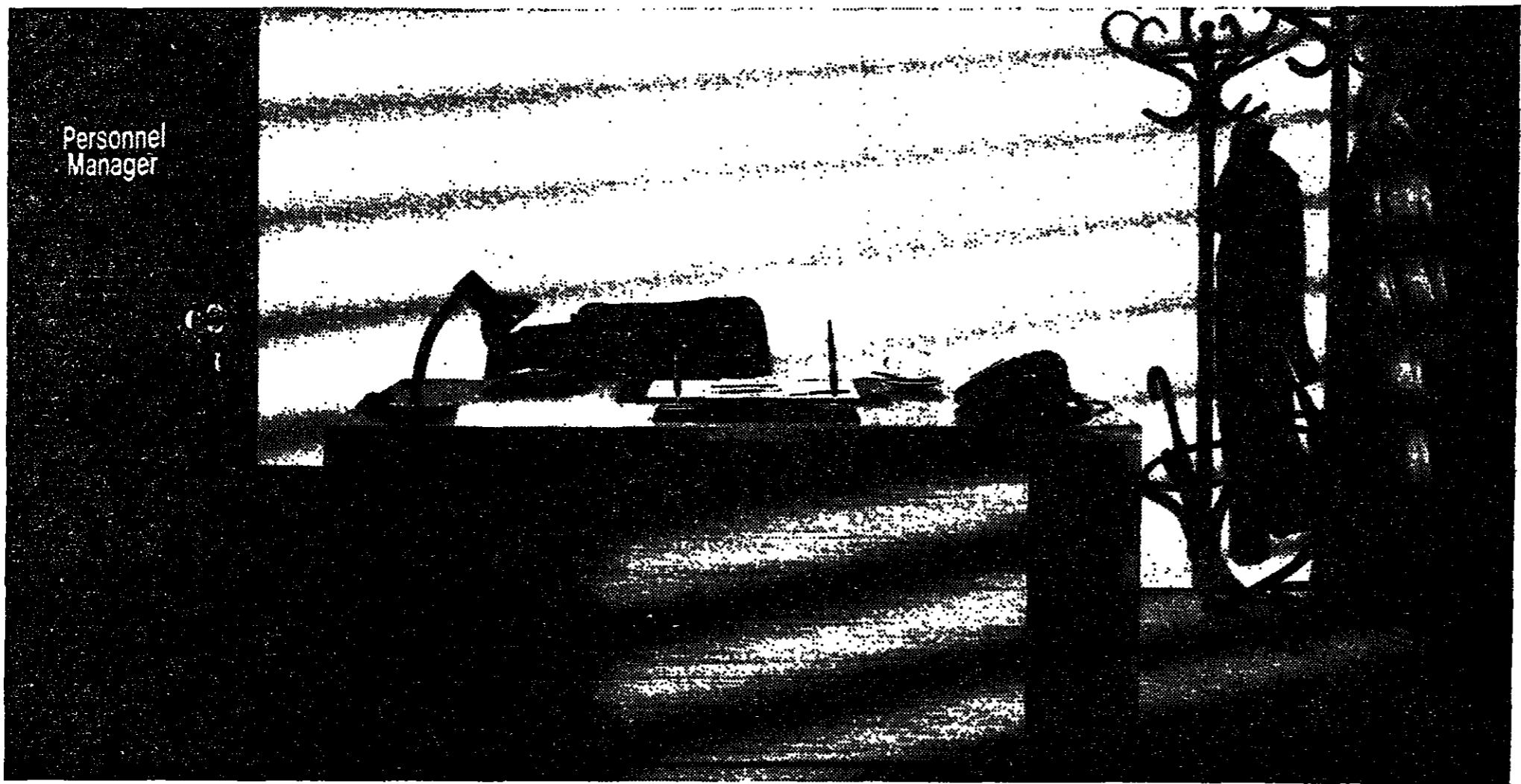
Despite the allegations, Labor has a strong lead in the polls, and should withstand the challenge of the Liberal and National parties, which would need to win 22 seats in the 39-seat state parliament to unseat Labor.

Mr Nick Greiner, leader of the state Liberal Party, said Mr Wran was pushing a "panic button" by calling an election six months early. In recent weeks, the Liberals have promised to "clean up New South Wales".

Of the prospect of an early general election, Mr Hawke said yesterday that a half-Senate election must be held by May 1985, and that it made sense to hold a House of Representatives election at the same time, as had happened 22 times in the past.

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Regular could better.

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In a few months time, 40,000 reservists from the Territorial Army will be travelling to Germany for exercise 'Lionheart'.

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 Address \_\_\_\_\_  
 Company \_\_\_\_\_  
 Position \_\_\_\_\_

**The Territorials**

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flight bar and all the top amenities you'd expect in the highly competitive world of business travel for you to enjoy on a flight that will seem almost too short! How wonderfully agreeable to make economies this way.

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OVERSEAS NEWS

Half a million march as protest grows over French schools

BY PAUL BETTS IN PARIS. MORE THAN half a million parents, priests, and political leaders of the right marched down the imposing Avenue de Versailles yesterday in protest against the leftwing Government's plans to integrate private and public education.

Argentina considers 'social contract'

ARGENTINA'S Radical Government is considering setting up a permanent consultative body involving both sides of industry, in a move aimed at securing the broadest support possible for its economic policies.

Swedes to focus on research

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM. THE SWEDISH Government is increasing its spending on research and development despite cutbacks in other parts of state expenditure and is setting new priorities for the national research effort.

Industrial world 'consuming more oil'

By Richard Johns in London. OIL CONSUMPTION in the industrialised world could rise by 5.7 per cent in the first quarter of 1984, according to estimates of the International Energy Agency.

Companies 'focus on short term'

BY OUR NEW YORK CORRESPONDENT. ABOUT HALF of a representative sample of the leading businessmen in the U.S. believed that the emphasis placed on financial indicators in industry forces companies to focus too closely on short-term thinking.

U.S. chief executives 'highest paid'

By Terry Dodsworth in New York. WHILE CHIEF executives in the U.S. are by far the best paid in the world, both Swiss and West German companies pay their top level of managers more, according to the latest Fortune Magazine survey of executive pay.

Greens adopt radical Strasbourg platform

BY RUFERT CORNWELL IN BONN. THE WEST German Greens party yesterday overwhelmingly backed a radical platform for the European election campaign this summer, which condemned a Europe "of bureaucrats, bombs and butter mountains."

Alp passes to be watched

BY JAMES SUTTON IN ROME. ITALY, West Germany and Austria are to set up a joint commission to monitor the problems of border crossings at the Alpine passes.

Nicaragua warning

SR TOMAS BORGE, Nicaragua's Interior Minister, warned over the weekend that U.S.-backed counter-revolutionary groups will step up their attacks against economic targets in the country in the coming weeks.

Canada leadership

A successor to Mr Pierre Trudeau, Canada's Prime Minister, is to be chosen at a Liberal Party leadership convention to be held in Ottawa from June 14 to 17, Nicholas Hirst reports from Toronto.

Marc Rich case move

A U.S. federal judge has thrown out a defence request for a wide-ranging "gag" order which would have restricted information about the pending trial involving the Swiss-based Marc Rich commodity group, on charges including alleged evasion of \$48m (£34m) in U.S. taxes, Paul Taylor reports from New York.

Advertisement for Kyowa Bank, featuring a large stylized 'V' logo and text describing its services and international presence.

Advertisement for BMW 4 door 3 Series, featuring an image of the car and text promoting tax-free export options.

Sun Life: a ray of light in an uncertain climate

Large advertisement for Sun Life insurance, featuring a sun logo, financial performance statistics, and contact information.

WORLD TRADE NEWS

Brazil and U.S. near deadline on steel exports

By Andrew Whitely in Rio de Janeiro
BRAZIL IS expected to return to the negotiating table in Washington this week in a second attempt to reach agreement with the U.S. on a voluntary reduction of its steel exports to the American market.

The Brazilians are under pressure to reach agreement before next Friday, when temporary import surcharges of between 53 per cent and 100 per cent on heavy steel plate are due to come into permanent effect.

A senior Industry and Commerce Ministry official warned last week however that Brazil may be forced to abandon the negotiations which opened in mid-February and were suspended a few days later, if the U.S. persisted in offering only a low quota for Brazil's important flat steel products.

How the carrot and the stick saved a £240m project

BY CHRIS SHERWELL IN SINGAPORE

AFTER TEN months of anguished negotiations, an Anglo-Swedish consortium which includes Britain's Balfour Beatty has finally sealed a deal with the Indonesian Government to save the cancelled multi-million pound Mrica hydroelectric project in central Java.

"I feel a bit shell-shocked," said a banker after a final exchange of letters at the weekend. "They are tough negotiators." The story of the saving of the project is a good example of what international co-operation and judicious use of the carrot and stick can achieve.

Work on the 180Mw project, worth £240m, is to resume as soon as possible. Contractors for the civil works are Balfour Beatty—part of the BICC group—and Skanska of Sweden, who formed a joint venture called Sabcon. Asa of Sweden and Boving of the UK were to do electrical and mechanical work.

patience and brinkmanship followed, as the consortium tried carrot and stick to retain its business while Indonesia tried to get better terms.

At various key moments Mr Norman Lamont, UK Trade and Industry Minister, senior Trade Department officials and personnel from the Export Credits Guarantee Department travelled to Jakarta.

The cancellation was part of a repackaging of some four dozen large capital intensive projects following the drop in world oil prices. Indonesia, Asia's largest oil and gas exporter, faced a debt crisis.

There is no doubt that it will be practically useful; Mrica is one of many projects aimed at fully electrifying the villages of Java, one of the world's most densely populated islands. But the more important question was cost.

The Indonesians now seem to have gained a more worthwhile project than they had before. The key changes in the contract relate to timing, which affects the financing. The contract was signed on May 14 1982, the day before international export credit interest rates went up, and was reckoned then to be worth close to £300m.

Its value is now put at £240m. Barclays Bank International, the sole lender on the British side, is giving ECGD-backed buyer credits worth £127m to Indonesia, one of its biggest single loans ever to the region. This covers Balfour's £80m civil contract, Boving's £31m turbines deal and the design contract.

Congress to confer on export control Bills

By Nancy Dunne
A JOINT Congressional committee is expected to start work this week on resolving the differences in U.S. export control legislation. A Senate Bill which differs in many ways from what the White House wants was passed late last week.

Of particular concern to the U.S. trading partners will be the final form of the provision governing the President's authority to impose import controls. While the House rejected attempts to provide for such controls, the Senate approved them after a complicated compromise.

If the Senate version is accepted by the conference committee, the President could slip import controls on non-GATT countries. For violations of national security he could impose them on individual companies, providing a majority of members of the OpCom (the Paris based body which vets militarily sensitive sales) agree that multinational rules have been violated.

UK company wins Dead Sea deal

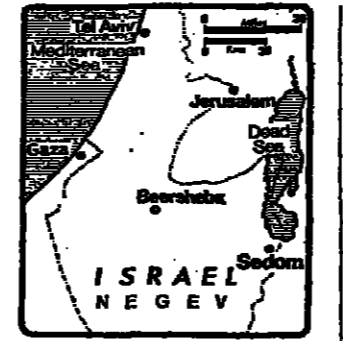
BY MAURICE SAMUELSON

CABLE BELT, the British mining equipment company, is to build an overland conveyor for carrying potash from Sedom on the Dead Sea through the wildest part of Israel's Negev desert.

The Dead Sea Chemical Works is understood to have awarded the contract, thought to be worth about \$20m, after five years of negotiations with rival British, South African and U.S. concerns.

India. It specialises in an unconventional system, separating the carrying job of the belt from the means of driving it.

Competitive terms provided by the Export Credits Guarantee Department helped to win the Israeli contract for Britain. The ECGD has authorised loans at 9 per cent interest repayable over 10 years for the project.



Sedom should be replaced by a new stretch of railway. However, this was rejected as too costly.

SHIPPING REPORT Gulf rates improve

BY ANDREW FISHER, SHIPPING CORRESPONDENT

CONTINUED tension in the Gulf last week pushed up rates for large tankers, though the market in other oil-loading areas remained slack.

at Worldscale 27 1/2 and one of 250,000 tons at Worldscale 28. Last month's rates were around Worldscale 30 for cargoes of this size.

French radar success

BY OUR RIO DE JANEIRO CORRESPONDENT

THE BRAZILIAN Aviation Ministry has signed a FF400m (£33m) contract with Thomson-CSF, the French state-owned electronics and defence group, for the installation of the next stage of its air traffic control system.

The contract involves long-range radar stations covering the North and North-east of the country, as well as the training of personnel and installation of control centres. It represents a continuation of work begun in 1972 by the French company.

Tariff aid for Nicaragua

BY TIM COONE IN MANAGUA

COLOMBIA has signed a trade agreement with Nicaragua giving preferential import tariff treatment to a list of 20 non-traditional Nicaraguan export products.

Tariffs are to be reduced to a minimum or eliminated entirely and the agreement is likely to be the first of several to be arranged between Colombia and other Central American countries.

World Economic Indicators

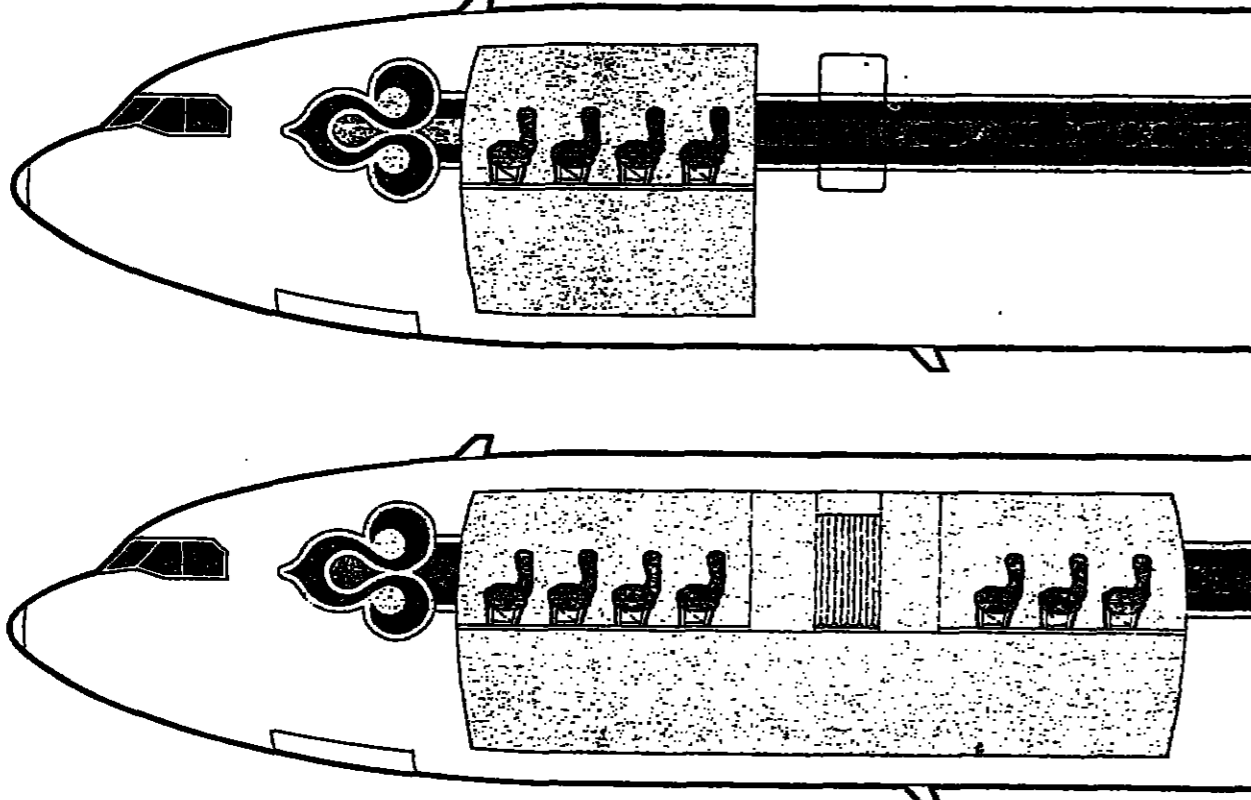
Table with columns: FOREIGN EXCHANGE RESERVES (US\$m), Dec '83, Nov '83, Oct '83, Dec '82. Rows include USA, W. Germany, Japan, U.K., Italy, Netherlands, Belgium, France.

Hong Kong utility out of China project

HONG KONG Electric Holdings, the smaller of the territory's two power utilities, says it does not want to participate in a nuclear power station planned in the Guangdong province of China.

On the controversial issue of the President's authority to impose extraterritorial controls, both Bills limit this power in foreign policy cases, but allow their imposition for reasons of national security.

Royal Executive Class. So popular, it's going backwards.



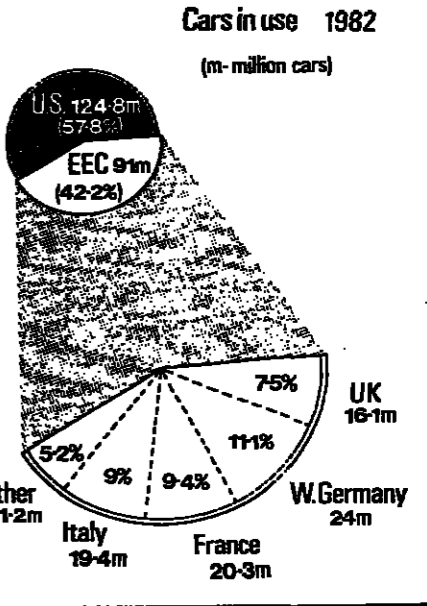
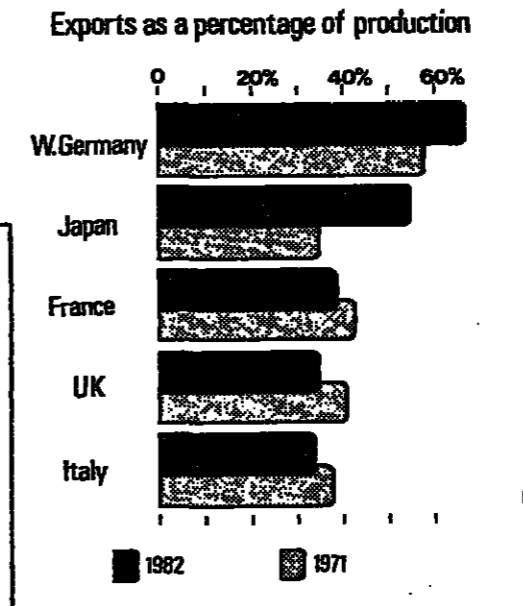
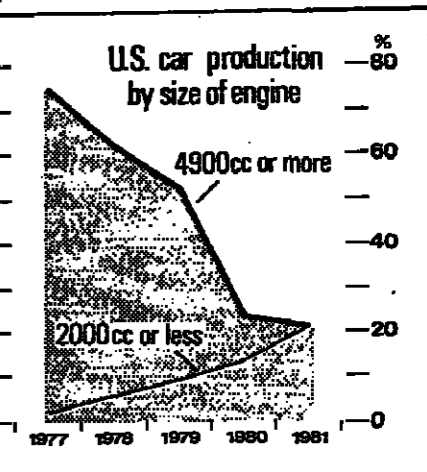
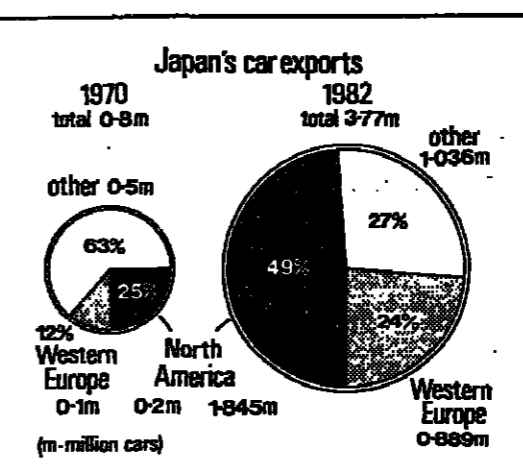
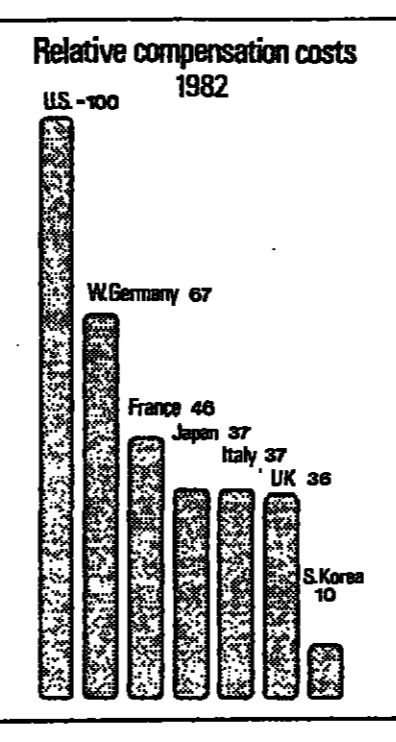
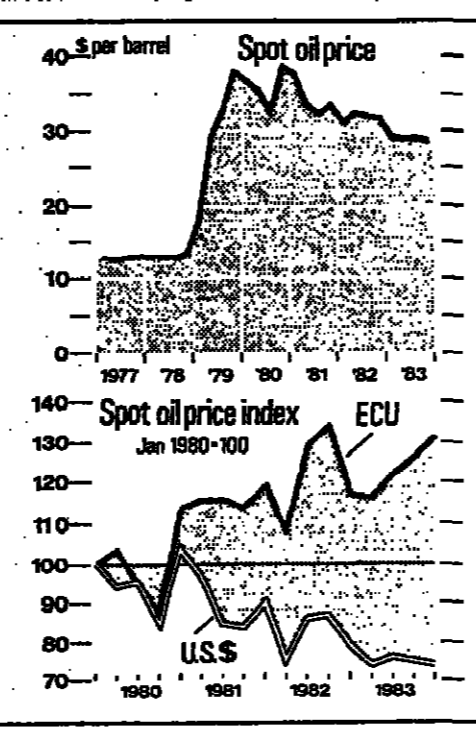
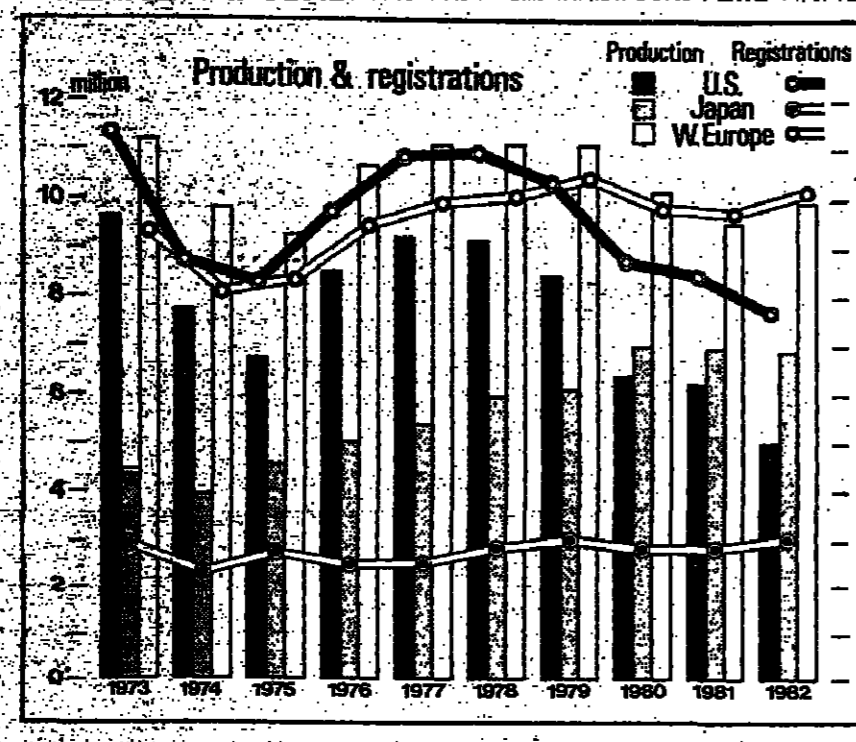
When we replaced first class with Royal Executive Class on all our Asian routes, in April '83, we thought we had everything planned beautifully.

are too embarrassed to talk about. And all for just the full Economy fare. The only thing we didn't plan on was just how popular it would prove to be.

BSR 1983 Audited Results Summary. Table showing Turnover, Operating Profit, Interest, Profit before Taxation, Profit attributable to Ordinary Shareholders, Earnings/Loss Per Share, Dividend Per Share. Includes Highlights of the Year and The Technology Company details.

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# STATISTICAL TRENDS: CARS



## Production shifts into higher gear

Led by strong growth in the U.S. and continued growth in Japan, the recovery in the world economy began in 1983 following the recession of 1981-82. In the U.S. this was based initially on a boost in consumer spending and in Japan on growth of exports.

The recession in the car production industry started earlier than the general downturn in the OECD economies and its industrial production, particularly in the U.S., and was more severe.

However, the turnaround in 1983 was dramatic—with production up nearly 30 per cent in the U.S., 18 per cent in the UK, and slight increases in West Germany and France. This still leaves production levels well below the levels of the 1970s in the U.S. while Japan's production continued its upward trend after two years of slight decline.

Profits for the major U.S. manufacturers in 1983 brought to an end years of losses and promising results for 1983 show further substantial improvements.

**MOTOR VEHICLE PRODUCERS**

Company	1982
General Motors	6,244,000
Ford Motor Co	4,328,072
Toyota	3,144,857
Nissan	2,750,000
Volkswagen	2,120,075
Renault	1,988,701
Pugeot-Citroen	1,875,000
Fiat	1,200,000
Toyota	1,200,000
Honda	1,070,000
Mitsubishi	875,000
Chrysler Corp.	867,000

Source: Automotive News

exports, which have grown nearly 200 per cent in 10 years. Exports to Europe have risen from 100,000 cars in 1970 to nearly 1m by 1983, while in Europe the level of exports has remained stagnant. European exports to the U.S. (their main market in the early 1970s) have halved since then as Japan's exports to the U.S. have grown dramatically to account for almost 50 per cent of total exports.

The continued pressures on European manufacturers are reflected in statistics which show European registrations moving ahead of production for the first time in 1980-81.

Among the developing countries, South Korea is strengthening its position, with production growing at around 30 per cent a year, although from a small production base of about 100,000 units in 1982. Japan's labour costs remain competitive in dollar terms against its European competitors, although these costs are four times the comparable costs in South Korea.

Among the major car

producing industrialised countries, Japan and West Germany had the lowest rate of increase in labour costs over the 1975-82 period, but the strength of the yen against the European currencies wiped out that advantage.

On the international stock markets, the shares of the leading car producers, particularly those based in the U.S., improved in 1983 with a

better overall performance than the markets as a whole. As measured by the Capital International indices, the share price of car producers rose 30 per cent in 1983 against overall stock market growth of 18 per cent.

Commentary by Our Economics Staff; data analysis by Financial Times Statistics Unit; charts and graphs by Financial Times Charts Department.

**Effective Exchange Rate**

	US	JAPAN	GERMANY	FRANCE	UK
1975	100.00	100.00	100.00	100.00	100.00
1976	105.19	104.21	104.84	95.83	85.60
1977	104.70	115.21	113.00	81.31	81.77
1978	96.73	141.67	120.11	81.32	81.46
1979	92.85	121.48	127.45	83.38	87.34
1980	93.88	128.50	129.75	94.35	95.05
1981	105.69	142.94	119.28	84.37	94.91
1982	118.05	134.78	124.28	78.69	80.46
1983	124.88	148.42	127.18	70.91	83.22

**GNP/GDP % growth**

	US	Japan	OECD-Europe
1975	-1.2	2.3	-0.3
1976	5.4	5.3	4.8
1977	5.5	5.3	2.4
1978	5.0	5.0	3.0
1979	2.8	5.1	3.3
1980	-0.3	4.9	1.9
1981	2.6	4.0	-0.1
1982	-1.9	3.2	0.6
1983	3.3	3.0	1.0
1984	4.7	4.2	1.5

Source: OECD

**Car Production (000's)**

	1971	1979	1982	1983*
US	8,508	8,419	5,059	6,480
Japan	3,720	4,190	6,888	7,094
UK	1,740	1,070	888	1,045
W. Germany	3,896	3,936	3,768	3,840
France	2,688	3,722	3,088	3,216
Spain	480	573	824	1,132
S. Korea	12	112	98	130

\* Estimated.

**Car Production % change**

	US	Japan	W. Ger.	UK	France	S. Korea
1975	-9.8	16.2	2.1	-17.2	-3.2	*
1976	26.7	10.0	22.3	4.8	14.8	*
1977	8.3	7.8	6.8	-1.0	5.3	*
1978	-0.4	10.2	2.8	-7.1	1.7	*
1979	-8.2	3.4	1.0	-12.5	3.0	*
1980	-24.0	13.9	-10.8	-13.7	-6.8	*
1981	-2.5	-1.0	2.2	3.4	-15.4	*
1982	-19.0	-1.3	4.9	-7.0	4.5	36
1983	27.0	3.0	2.0	17.6	4.2	33

\* Numbers too small for meaningful percentages.

**Hourly Compensation Costs\***

Production workers in motor vehicles index

	US	W. Germany	Japan	France	UK
1975	100	100	100	100	100
1976	115	114	118	111	100
1977	127	138	141	121	103
1978	128	153	191	134	118
1979	136	172	185	154	142
1980	180	189	195	183	185
1981	203	186	229	186	189
1982	256	211	254	202	201

\* Adjusted for changes in export competitiveness.

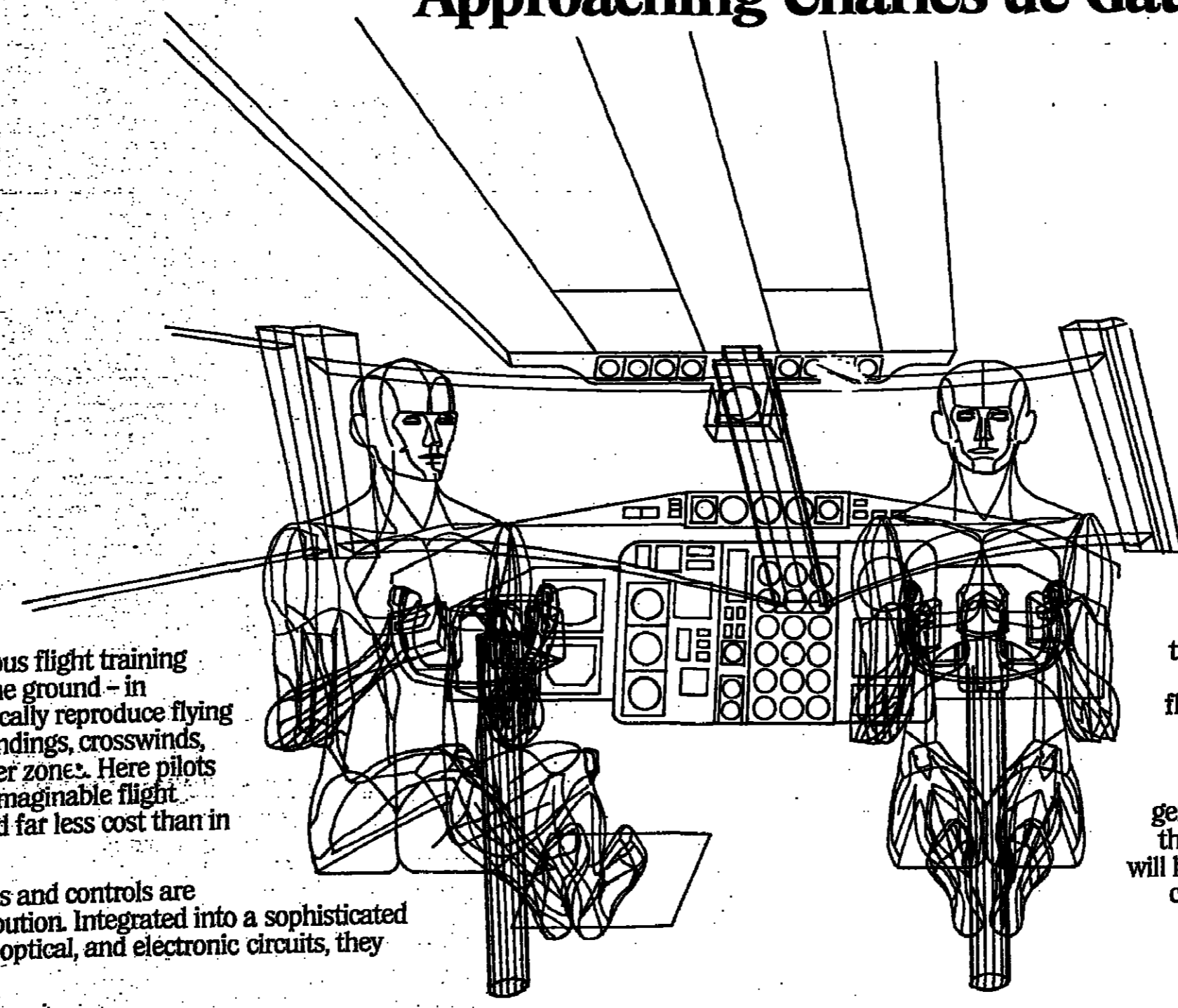
**Exports of Cars (000's)**

	FRANCE	W. GERMANY	ITALY	UK	JAPAN
1971	1,149	2,156	640	721	1,289
1972	1,240	2,086	659	627	1,407
1973	1,340	2,203	656	599	1,450
1974	1,296	1,852	656	595	1,727
1975	1,253	1,590	661	516	1,827
1976	1,328	1,995	696	496	2,539
1977	1,429	2,291	844	474	2,959
1978	1,394	2,210	840	466	3,042
1979	1,535	2,283	847	410	3,102
1980	1,359	2,108	911	359	3,947
1981	1,344	2,197	825	349	3,946
1982	1,184	2,517	437	313	3,770

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data base can run on 16-bit microcomputers using the MS-DOS system. Called Data-Base, it has all the data from the main data base allowing several large computers to be used. It is being used by the British Telecom and Netel to handle the system. It is from Compaq 8088/80.

IAL DIAR

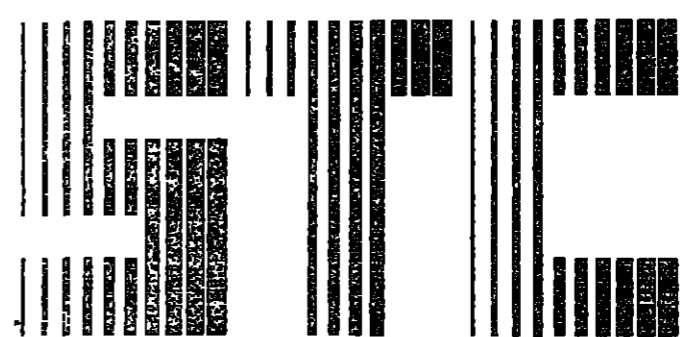
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# UK NEWS

Max Wilkinson reports on how the Chancellor could change import procedures

## Lawson may revise VAT system

AS THE long queues of lorries slowly unwound in the mountainous border regions of Western Europe after the end of the French drivers' protest, the British Treasury watched with special interest.

The dispute about slow customs clearance procedures has a direct relevance to an option that Mr Nigel Lawson, the Chancellor of the Exchequer, is considering for inclusion in his budget on March 13.

He has been looking at the possibility of changing the UK system for levying value-added tax on imports to make it conform with procedures in all other European countries.

In Britain, importers are allowed a period of delay between the landing of goods, when VAT is due, and the actual payment, made with their next quarterly VAT return to the Customs and Excise department.

The period of grace between the physical import of goods and the payment of VAT varies widely, but the average is thought to be about six weeks. That might be considered by some as an interest-free loan from the Treasury.

On the European continent, however, VAT must be paid as the goods pass through customs points. Although rules vary between different countries, lorry drivers have to deal with complicated paperwork and are often subject to tedious delays while goods are checked.

IMPORTS TO UK (£bn on overseas trade basis)			
	1982	1983	% change
Total goods	56.9	66.1	16
Non-manufactured goods	18.6	19.7	6
Semi-manufactured goods	14.0	17.0	21
Finished manufactured goods	23.0	28.0	22

Figures are higher than those on balance-of-payments basis, which exclude transport and other costs. Total of goods includes some "miscellaneous" imports.

The obvious advantage of the continental system from the Treasury's point of view is that it would accelerate payments on Britain's imports (£86bn last year) and give a once-for-all boost to the Government's financial position.

The effect would be to reduce the public-sector borrowing requirement in 1984-85 by between £300m and £1.5bn, depending on whether a change of rules were applied to all imports or to some categories like manufactured goods only.

That might give the Chancellor some much-needed room in his budget to improve the incentives for saving, or to ease the tax burden at some of the points where it is bearing heavily.

An additional argument which officials have deployed in favour of the change is that it would discriminate against importers without being overtly protectionist.

Last year, Britain's imports of goods rose by 7 per cent in volume terms while imports of manufac-

tured goods surged by over 20 per cent in value terms.

Against these arguments, the Chancellor has to balance two sets of objections.

● The first is the mass of practical difficulties associated with collecting VAT at the point of entry. Those difficulties have been dramatically highlighted by the continental lorry drivers' dispute.

● The second is that the lorry men's action has greatly increased pressure on European governments to move closer to the present British system of delayed collection of VAT on imported goods.

That militant pressure is reinforced by a more stately recommendation of the European Commission. In July 1982, it said that the Council of Ministers should agree to adopt the British postponed accounting system (PAS).

It might seem perverse for a British Chancellor to choose this moment to move in the opposite direction, especially as the move would

would help its return to profitability in 1984-85.

"A return to private ownership would be healthy but there is no point thinking about it until we have at least two years of good profits in the bag, and, more importantly, can project sustained profits," he said.

For several years the company, with government support, has invested at the rate of £20m to £25m annually in new technology and capital equipment to make its Belfast complex one of the most modern aerospace facilities in Europe.

Shorts was restructured in 1967 into three divisions. It manufactures a range of regional commuter and freight aircraft, produces guided weapons such as the Blowpipe and Seacat, and makes main

components, including jet engine pods, for other aircraft companies.

The USAP order has cemented the success of the aircraft division. More good news is expected this week, in the shape of a batch of orders for the 36-seat Shorts 360 aircraft, some of them for British Midland Airways, and its subsidiary, Loganair and Manx Airlines.

Sir Philip said he now wanted to build up the components side of the business again after difficult times caused by the recession in the big jet market. That led to a rescheduling of work for Boeing and Rolls-Royce, and it meant redundancies in Belfast.

He is hunting for a new contract and left today for Seattle for discussions with Boeing.

## Sharp drop in union donations to Labour

By Philip Bassett, Labour Correspondent

LABOUR PARTY finances, already in danger from the effects of the Government's Trade Union Bill, face a new threat from a sharp drop for the first time in recent years in trade union members' political contributions, according to official figures to be published next month.

The figures, which have already been sent to Mr Tom King, the Employment Secretary, will cause dismay in the Labour Party and the unions. About 80 per cent of the party's income comes from the unions.

Labour's finances are likely to suffer because of the Bill, which is due to become law in the summer. Its provision of 10-yearly membership ballots on the continuation of trade unions' political funds is felt by many in the party and the unions to be likely to lead to a cut in the unions' financial support for Labour.

One authoritative estimate is that this and other measures could cut up to £2m from Labour's income, which stood at £3.59m in 1982, the latest year for which figures are available.

However, in advance of these expected difficulties, new figures in the annual report of the Government's Certification Officer, Mr Alan Burridge, expected to be published next month, will show the financial support for Labour among union members to be declining.

The total figures for all 63 unions with political funds at the end of 1982 show that 77 per cent of trade union members now pay the political levy, compared with an annual figure of 81-82 per cent over the previous five years.

They show that 6,400m trade union members - out of a possible total of 8.43m in unions with political funds - now pay the political levy, compared with 7.17m in 1981.

The number of unions with political funds is also down by more than 7 per cent.

The report will show a decline of about 5.6 per cent in political funds income overall, from some £6m in 1981 to £5.6m the following year.

## Grant aid for high technology set to be cut

By John Lloyd, Industrial Editor

THE GOVERNMENT is expected shortly to cut the grants it pays to promote high-technology industries - the sector pinpointed by industry ministers as crucial to the UK's economic health.

Funds allocated for support of advanced production processes and techniques have been snapped up much more quickly than had been planned, and most programmes are likely to run out of their allocated funds long before the given time periods.

It is now almost certain that the Support for Innovation (SFI) schemes, which give a maximum of 33.3 per cent grant to projects which prove they would not go ahead without government assistance, will be cut back soon to a level of 25 per cent, or possibly less.

The grants were raised from 25 per cent to 33.3 per cent last year for an indefinite period.

It is expected that the cuts may be announced in the March 13 budget or in a separate announcement soon afterwards.

Officials believe they may be able to save some cash from funds earmarked for regional development grants, but not taken up, in the coming year.

The rapid take-up of the SFI programmes money, though alarming in one sense, is also seen as proving that there is considerable activity in the leading-edge fields. It is also argued that this level of activity shows that government aid need not be pitched so high.

One of the oldest of the SFI schemes, the Microelectronics Industry Support Programme, has now exhausted the £50m allocated to it in 1978. Its companion programme, the Microelectronic Applications Project which received a total of £85m to fund it to 1985, now has less than £20m left.

The Industrial Robots scheme, funded with £10m 18 months ago, is now considerably overspent. Its companion programme, the Flexible Manufacturing Systems scheme - which received £35m over four years at the same time - has already spent some half of that.

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## Rolls to develop engine for fighters

By Michael Donne, Aerospace Correspondent

ROLLS-ROYCE has begun to develop as a private venture a new engine for future fighter aircraft, called the XG-40. It is designed for the new generation of light combat aircraft expected to enter service in the 1990s.

The venture is in parallel to work under way by Snecoma, the French aero-engine manufacturer, on an engine called M-88 which is designed to power the French Dassault-Breguet Avion de Combat Experimental (ACE).

The Rolls-Royce power-plant is called a "demonstrator" because it aims to prove the basic concept of the new engine before it is put into quantity production, or instead it will be used as a stepping stone to further development.

It is aimed at powering the proposed Future European Fighter Aircraft (FEFA) of the 1990s. This is a plan for a European collaborative fighter aircraft for the mid-1990s, between the UK, France, Italy, Spain and West Germany.

As a preliminary development, the UK - through a group of companies headed by British Aerospace and supported partly by the Government - is developing the Experimental Aircraft Programme (EAP) for a first flight in 1986.

This is, in turn, designed to lead into either an all-British Aggie Combat Aircraft (ACA) for the 1990s or the European collaborative Fea.

The EAP itself is costing £200m, of which the Government is providing about £85m and the companies the remainder.

Initially, the EAP is expected to use a derivative of the RB-199 engine which powers the Tornado fighter. But Rolls-Royce believes that an all-British technology demonstrator engine is also desirable, and the XG-40 is the result.

Work on the XG-40 is at its earliest stages. The first demonstrator model is not expected to run on the test-bed until 1986. The engine will embody much advanced technology in new materials, turbine blade design and other areas.

Mr Norman Tebbit, Secretary for Trade, inaugurated on Friday a £10m test rig at Rolls-Royce's Derby factory, where civil aero-engines are built.

## £115m order likely to help sale of Shorts

By our Belfast correspondent

A HUGE U.S. government order for Short Brothers, the state-owned Belfast aircraft manufacturer, is likely to help the company on its way back to private ownership.

Initially worth £115m, the contract to supply Sherpa freight aircraft to the U.S. Air Force might reach a total value of £400m if options for more aircraft are taken up.

Sir Philip Foreman, chairman and managing director of Shorts, was overjoyed. The order was won after 18 months' struggling against more experienced competitors.

"Other countries, particularly in the Far East, could follow the American lead," Sir Philip said. Shorts will build 18 Sherpas, the freight version of its high-selling twin turboprop 330 commuter air-

liner, to be used to ferry spares between USAF bases in Europe. The options cover another 48 aircraft and can be exercised over the next two to four years.

The deal is worth so much because Shorts will also mount an extensive support programme to service and maintain the aircraft. The company's engineers will be permanently stationed in West Germany.

Shorts will quickly add another 600 workers to its 8,000 labour force and the enhanced prospect of further sales will stabilise employment.

Sir Philip said that after many years of losses, the company would break even in the current financial year and the American order, the biggest in the company's history,

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UK NEWS

Financial Times Monday March 5 1984

Textile production shows 16% rise

BY MAURICE SAMUELSON

THE UK textile industry yesterday provided fresh evidence that it is beginning to recover after years of import penetration.

For staple fibre (as distinct from filament yarn), production and deliveries were the highest for two years, with exports accounting for 56 per cent of total deliveries.

Budget likely to keep inflation fight as priority

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE UK BUDGET on March 13 is likely to have a tough anti-inflationary edge and a series of measures intended to encourage savings and investment.

Mr Nigel Lawson, the Chancellor of the Exchequer, may tighten slightly his borrowing target compared with that implied in the medium-term financial strategy.

Big rise in car output expected by Lotus

By Kenneth Gooding, Motor Industry Correspondent

LOTUS, the sports car manufacturer founded by the late Colin Chapman and based in Norfolk, expects to produce 900 cars this year.

Banks may set aside £1bn for bad debts

BY DAVID LASCELLES

THE UK'S Big Four clearing banks will probably have to set aside more than £1bn of their 1983 profits to cover bad debts in the UK and abroad.

Barclays will show the scars of business loan losses in Mexico and the U.S., as well as bad debts in its California retail business.

This figure includes Midland's £75m Crockier provision. Even without it, however, the total would be higher than the 1982 figure of £322m.

Government faces ports row

BY BRIAN GROOM

THE GOVERNMENT is heading for a row with the ports industry and other trade interests over an official report which calls for cuts in customs facilities and an increase in charges levied on traders by the Customs and Excise for providing the service.

The report on customs attendance was carried out by Sir Derek Rayner in 1981 as part of his brief to cut Civil Service costs.

Its recommendations include: withdrawing passenger facilities if inward traffic falls below 30,000 a year; approving no new passenger facilities unless there is overriding national need; limiting hours of operation for passenger services; influencing the timing of arrivals and departures to avoid peaks and troughs; and not approving new ferry facilities unless there are no suitable existing ones.

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Lost drug sales 'cost £100m'

By Lisa Wood

THE BRITISH pharmaceuticals industry claims to be losing about £100m-worth of sales a year to companies which buy UK-made drugs cheaply in Europe and bring them back for sale in Britain.

One company, Unichem, a major chemists' wholesaler, claims this so-called "parallel importing" is costing it about £3m a month in lost sales.

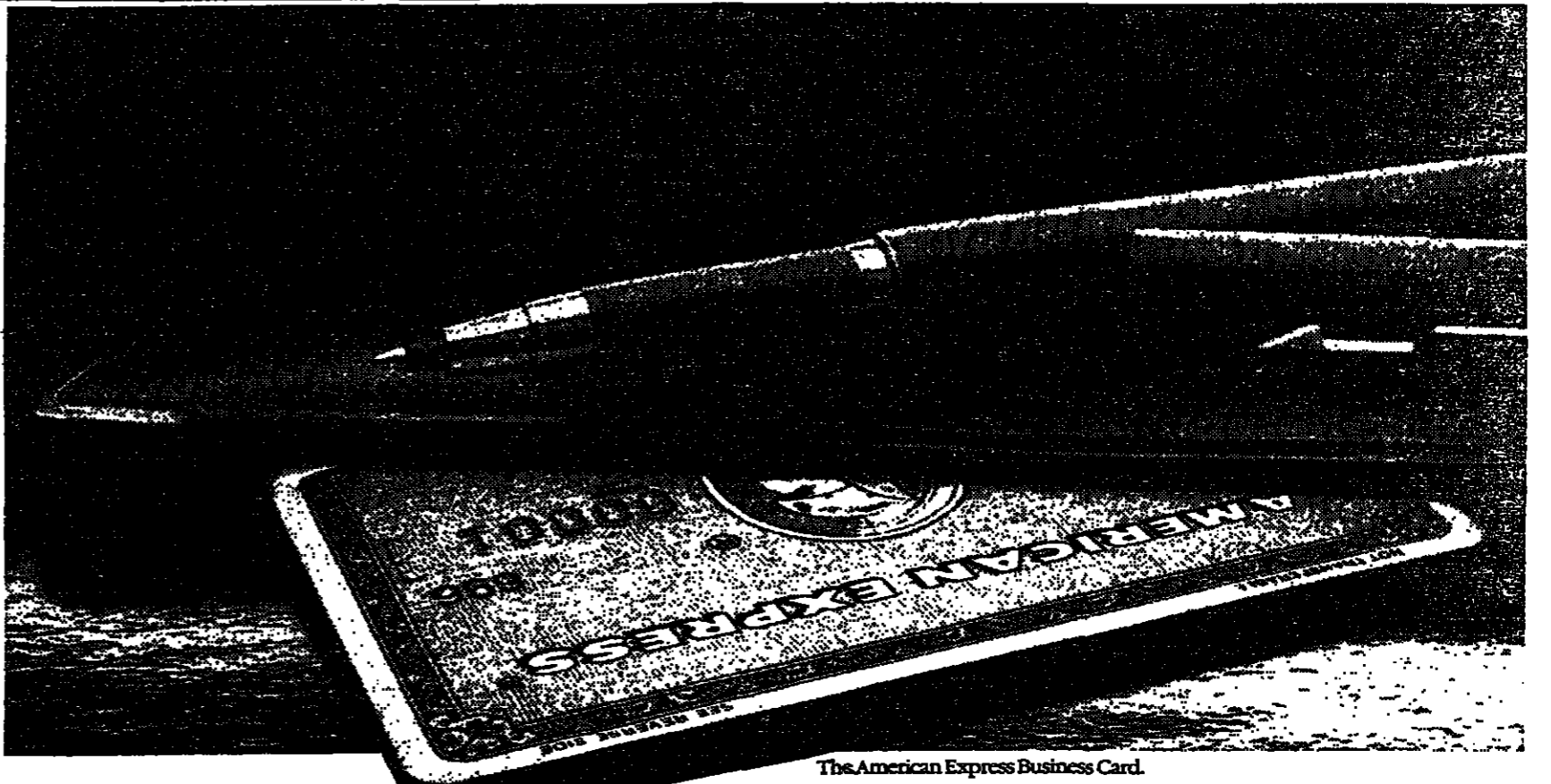
Mr Malcolm Town, owner of Maltown, another wholesaler, said the practice of parallel importing did not benefit the taxpayer because a retail chemist, buying cheaper imported drugs, had no choice but to claim the agreed price from the National Health Service (NHS).

Directors stay optimistic

By Our Economics Staff

COMPANY directors continue to be optimistic about the prospects for business, according to the latest survey of its members by the Institute of Directors, published today.

Just under 60 per cent of the 200 directors interviewed said they were more optimistic about business prospects than they were six months ago.



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# WORLD CAR MARKETS

UK CAR REGISTRATIONS				UNITED STATES				WEST GERMANY				
1982		% CHANGING		1982		% CHANGING		1982		% CHANGING		
Total market	1,791,659	100.00	1,555,027	86.80	6,795,302	100.00	5,756,660	84.73	1,635,313	100.00	1,833,149	112.15
Total UK produced	771,950	43.08	657,533	42.28	2,362,475	34.78	2,221,398	32.85	520,224	31.83	591,605	37.74
Total imports	1,019,709	56.92	897,494	57.72	4,432,827	65.22	3,535,262	51.88	1,115,089	68.17	1,241,544	74.41
DOMESTIC												
Ford	518,048	28.91	474,192	30.49	1,571,221	23.12	1,345,498	19.80	328,209	20.12	352,470	21.93
BL	332,725	18.57	277,260	17.83	841,422	12.38	691,703	10.18	209,184	12.79	199,252	12.45
IMPORTS												
Peugeot Group	262,141	14.63	181,737	11.69	390,670	5.75	365,845	5.38	149,204	9.17	149,204	8.51
Ford	21,342	1.19	19,636	1.26	173,388	2.55	163,638	2.39	74,735	4.57	74,735	4.08
Talbot	58,183	3.24	56,147	3.60	156,849	2.30	150,335	2.21	83,448	5.09	83,448	4.54
Citroen	25,751	1.44	24,149	1.55	124,554	1.83	112,303	1.65	40,573	2.48	39,567	2.21
Total Peugeot	105,276	5.87	99,532	6.41	350,470	5.17	325,845	4.78	127,315	7.79	127,315	6.94
Nissan	104,886	5.84	93,213	5.99	321,902	4.74	297,244	4.37	92,284	5.64	92,284	5.03
Volkswagen-Audi	190,772	10.64	172,438	11.12	373,620	5.50	345,845	5.10	149,204	9.17	149,204	8.13
Renault	42,523	2.37	41,147	2.63	173,388	2.55	163,638	2.39	83,448	5.09	83,448	4.54
Volvo	41,250	2.30	51,707	3.33	156,849	2.30	150,335	2.21	83,448	5.09	83,448	4.54
Fiat-Lancia	49,715	2.77	48,808	3.14	128,450	1.89	121,109	1.78	40,573	2.48	39,567	2.21
Source: Society of Motor Manufacturers and Traders												

**THE WEST EUROPEAN** car market bubbled with interest last year. Three factors in particular contributed to a fascinating 1983:

## GM's fortunes rise in Europe

● The bunching of major producers at the top of the sales charts with only 1.4 percentage points separating Renault at the top from General Motors in sixth position.

● The continued steep rise in the fortunes of GM, the Vauxhall-Opel group, which increased its West European market share from 9.6 per cent to 11.2 per cent.

● The recovery of Japanese sales which went back above 1m, taking Japanese share of the market to a record 10.1 per cent.

In Britain, where an unofficial agreement restricting car shipments from Japan has been in existence since 1976, the Japanese last year benefited from the very steep rise in total car sales. The UK car market increased by 15 per cent from the 1982 level to a record 1.79m. Although the Japanese penetration eased slightly, there was a 12.6 per cent improvement in volume in Britain.

The Japanese did even better in the Netherlands, pushing volume up by 20 per cent to nearly 110,000 cars.

For Western Europe as a whole, Japanese car sales rose by 10.6 per cent, from 955,900 to 1,067,854 last year.

The European producers also had to cope with substantial increases in shares won last year by the two U.S. groups, Ford and General Motors.

The race between Ford and Renault for the title of West European car sales champion almost ended in a dead heat. But Renault kept the market leadership it has held since 1980 by a nose with a 12.6 per cent share—only 10,000 registrations separated the two manufacturers at the end of 1983. This was a total market which improved by 4.7 per cent from 10m to 10.5m.

Ford's disappointment at being tipped at the post was partly alleviated by the fact that it had its best-ever year in Europe, moving up from 12.3 per cent in 1982 to 12.5 per cent with a 6.1 per cent increase in unit sales.

Replacement of the old Taurus/Cortina models by the Sierra had a dramatic impact on Ford's fortunes. Sierra sales totalled 375,440 in Europe last year to give the model a 3.6 per cent share.

The Peugeot group was out of step. Compared with 1982, sales in Britain were up by 15 per cent, those in West Germany improved by 12.5 per cent but France and Italy suffered declines; by 2.2 per cent and by 6 per cent respectively.

The Peugeot group's fortunes were mixed.

The Peugeot marque was boosted substantially by the introduction of the 205 "supermini". But industrial disputes at the Talbot factory near Paris had a further unsettling effect on that division which in any case was struggling to stop a rapid sales decline.

The slump in sales of cars produced at Volkswagen's U.S. plant continued in 1983 but the group still decided to go ahead with the spending necessary to introduce the new Golf there.

In all the other industrialised

about 190,000 of the small cars which also opened up the important Spanish market to the US group—local producers receive preferential treatment for cars they import to Spain.

GM's share of the Spanish car market jumped from 3.2 per cent to 9.8 per cent last year and its sales from 17,180 to 53,845.

Renault, Seat the State-owned Spanish group, and Ford all lost ground to GM in Spain.

Renault's share was reduced from 32 per cent to 31.1 per cent; Seat's from 28.1 per cent to 22.7 per cent and Ford's from 15.2 per cent to 13 per cent.

ITALY				FRANCE				JAPAN				
1982		% CHANGING		1982		% CHANGING		1982		% CHANGING		
Domestic	998,459	59.20	1,007,357	63.40	1,427,008	69.39	1,355,097	67.38	3,002,950	99.83	3,100,475	99.87
Imports	686,121	40.80	579,670	36.60	629,482	30.61	655,789	32.62	35,564	1.17	35,334	1.12
Total market	1,684,580	100.00	1,587,027	100.00	2,056,490	100.00	2,010,886	100.00	3,038,514	100.00	3,135,811	100.00
DOMESTIC												
Fiat Auto (Fiat/Lancia/Autobianchi)	369,787	51.60	376,139	55.40	804,868	39.16	704,585	35.00	1,173,850	38.63	1,247,410	39.78
Alfa Romeo	106,655	6.30	104,123	6.60	261,394	12.70	295,194	14.70	822,375	27.06	833,145	26.56
Innocenti	19,767	1.20	17,723	0.90	248,975	12.10	259,734	12.90	247,357	8.17	244,544	7.79
IMPORTS												
Renault	185,071	11.10	161,662	10.20	111,610	5.40	89,176	4.40	225,780	7.43	189,369	6.03
Peugeot-Citroen-Talbot	142,607	8.40	108,931	6.80	219,754	10.65	180,315	8.94	76,799	2.52	112,216	3.57
Ford	84,916	5.00	72,276	4.60	132,815	6.50	142,453	7.10	81,980	2.69	90,969	2.90
Volkswagen	89,189	5.30	68,503	4.30	124,410	6.00	116,446	5.80	77,249	2.54	79,681	2.54
General Motors (Opel)	62,446	3.70	55,371	3.50	101,491	4.90	100,984	5.00	50,958	1.64	50,958	1.58
BMW	26,232	1.60	28,337	1.80	51,823	2.50	57,743	2.80	15,076	0.49	13,227	0.42
BL	31,430	1.90	27,893	1.70	33,467	1.60	33,070	1.60	5,293	0.17	6,298	0.20

By Kenneth Gooding,  
Motor Industry Correspondent

(A review of the 1983 car market in the UK appeared on February 3)

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## APPOINTMENTS

### Lep directors move

Mr Thomas W. R. White succeeds Mr Dermot Leeper as managing director of LEPS AIR in the UK and will be based at Heathrow. Mr Leeper has been appointed president of Lep International Inc. in Canada.

White joins Lep from Pandair Freight where he was Group managing director for 18 years. Mr Leeper will be based in Toronto and will take over from Mr Peter Brown, who, in turn, moves to take over as president of Lep Transport Inc., U.S. based at Boston.

The retirement of Mr Walter Peltzer in December last year. Mr Leeper joined Lep in 1978 when he opened the group's Houston, Texas branch.

Mr David K. Newbigging has been appointed a non-executive director of PROVINCIAL INSURANCE from April 25. He will also join the board of Provincial Life Assurance Company.

The Fox Retail, with overall responsibility for buying, marketing and operations. Mr Matthew McKenzie becomes operations director, and Mr Robert Cavaghan becomes director, productivity, in addition to director, non-foods.

At MUNTION AND FISON (HOLDINGS) Mr David Wells has retired as non-executive chairman. Mr Tom Wally has been appointed a non-executive director in place of his father. Mr Andrew C. Shelley has been appointed chief executive.

He was finance director. Mr Tom Bothy has been promoted to sales director. Mr Archie Elks has retired but remains a non-executive director.

Mr Cyril Chambers has been appointed technical director on Mr Elks' retirement.

Mr Jonathan Aitken has become chairman of the Middle East advertising agency.

FINNENES, FERRY AND PARTNERS. He is chairman of merchant bank, Aitken Hume Holdings.

Mr Thomas Ian Campbell has been appointed managing director of SCANDURA, BBA Group conveyor belt and industrial textiles subsidiary. In succession to Mr Ron Waitall, who has retired. Mr Campbell has been a director of Scandura since 1970.

Mr Ralph Levy, having completed the takeover of Danmink, is WILLIAM CLARKE which acquired the business from his family interests in December 1981. He has retired from his executive appointment with Danmink. He remains on the board of William Barr as a non-executive director.

SHERWOOD COMPUTER CENTRE, Romford, has appointed Mr David J. Lewinson as financial director and company secretary. He joins from Datastream. Sherwood claims to be the most experienced and longest established software specialist and computer bureau in the London insurance market.

REEVES BROWN ASSOCIATES has appointed Mr William Gibb as director/secretary. He was a director of Godwin.

J. H. MINET AND CO has appointed Mr Michael James as executive director of the fine arts and jewellery divisions. He becomes managing director of the division on April 1 following the retirement of Mr Joe Cook on March 31.

Mr John Evans has been appointed managing director of EXXON OFFICE SYSTEMS (UK). He was chief executive of Esso from 1978 and prior to joining Esso, he was managing director of Comdial UK, Esso Office Systems (UK) is a wholly-owned subsidiary of Esso Office Systems Company, headquartered in Stamford, Conn. It is a division of Esso Corporation (known as Esso in the UK).

ABBEE LIFE ASSURANCE COMPANY has promoted Mr Roger Willets to assistant executive director, field operations division from April 2.

Mrs Victoria Etridge and Mr Alastair Nelson have been appointed directors of MESSENGER FUTURES.

Mr Antony Bates has been appointed an associate director of CHARLES BARKER CITY.

Dr Tito Bastanella has been appointed a director of EMPRE STORES (BRAD FORD).

Mr Kenneth Egan has been appointed a director of GROVES JOHN AND WESTROP (UNDERWRITING), specialist yacht insurance underwriters. He is also on the board of Egan Drake Underwriting Management, an associated company.

**APPOINTMENTS**  
Mr Thomas W. R. White succeeds Mr Dermot Leeper as managing director of LEPS AIR in the UK and will be based at Heathrow. Mr Leeper has been appointed president of Lep International Inc. in Canada.

جدید معلومات

ISSUE OF £1.20  
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1983  
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S move

or betting and... subsidiary... Mr Campbell... Ralph Levy... Mr David I... Mr Whitte... Victoria Krick... Kenneth Rip...

CRENDON VERSATILE STRUCTURES For Offices, Factories, Warehouses CRENDON STRUCTURES LIMITED Long Crendon, Avebury, Bucks HP18 9BB

CONSTRUCTION CONTRACTS

Monk to build £9m Risca by-pass

A £2.7m contract to build the northern section of the Risco and Rogerstone bypass on the A457 in Gwent has been awarded to A. MONK AND CO by Gwent County Council. The contract to be completed in the spring of 1985 comprises construction of 3.6 km of dual carriageway from Pontymister to the Full Moon Tip, near Crosskeys. A roundabout will be built at this point with a single carriageway link to the A448 and A487 roads. This involves construction of a further 1.2 km of new road. Monk will also construct three road bridges, three river bridges, two foot bridges and two subway. Among other contracts recently awarded is a firm project for building and civil engineering work for the BOG Group (Croydon) at a site at Chinnor Road, Thame.

£8.6m orders for Sir Alfred McA Alpine Group

MCA ALPINE OVERSEAS, a member of the Sir Alfred McA Alpine Group has been awarded a £8.6m contract by the Oman Ministry of Defence for the maintenance of the Sultanate of Oman Armed Forces at Lhasah. Work involves construction of 22 two-story individual buildings with a total floor area of 9,900 sq metres, together with external infrastructure and services. The project is to be completed in 14 months. Sir Alfred McA Alpine (Sudan) A.C. has been awarded a £720,000 contract by Sudan Ren Chemical Fertiliser for the construction of roads, drainage and paving at its fertilizer factory. The contract period is seven months. The City of Birmingham has awarded a contract worth a total of £1.35m to Sir Alfred McA Alpine and Son (Southern). The first, valued at £1m, is for the education committee and involves the reconstruction and improvement of Marsh Hill School, at Hampton Road, Edgbaston, to form the Joseph Mason Sixth-Form College. Work includes structural alterations to create new facilities and the upgrading of the internal and external environment of the building and scheduled for completion in 14 weeks. The second, worth £350,000, is to construct a two-story office block at Stonebrook Way, Wedley Castle. The contract includes reinforced concrete foundations, brick superstructure and tile-clad roof. The project is due to be finished in 27 weeks.

Shepherd wins £8m work

SHEPHERD CONSTRUCTION has secured contracts worth over £8m. Largest is for construction of a community hospital at Ilkeston, Derbyshire, for Trent Regional Health Authority, with a contract value of over £4.5m. The hospital will provide 92 beds together with operating theatre, x-ray, outpatients, rehabilitation, and day patient facilities. Shepherd Construction is the main contractor for British Telecom for the Telephone Engineering Centre at Milton Keynes. The contract value is over £1.7m. At Treforest, the company is main contractor for an officers mess, gate house and administration building at 22M Prison, Cardiff, for the Home Office. The contract value is £1.6m. Site work has started and is scheduled for completion in July 1985.

"If you're going to do business in America, the place to start is Chicago, Illinois."

Linton Atkinson Vice-President Crompton Instruments, Inc. A subsidiary of the Hawker Siddeley Group

Crompton Instruments is a world leader in the manufacture of measurement instruments. In the early '70's, Crompton decided to market its products in America. They went looking for the optimum location, and in 1973 opened their new U.S. facility in Elk Grove Village, Illinois, just a few minutes away from Chicago's O'Hare International Airport. In 10 short years, Crompton's Illinois facility has tripled in size. And Crompton is looking forward to a most promising future.



What brought Crompton Instruments Inc. to Illinois? An unbeatable combination of advantages. Centrally located in the U.S., Illinois offers excellent transportation connections and good communications to the entire U.S., making it an ideal location for manufacturing, distribution and headquarters facilities. Located in the midst of the largest consumer and industrial markets in the world, it offers unparalleled opportunities to growing companies. Illinois can also assure you access to the resources your company will need to prosper. Coal, natural gas and nuclear power provide abundant energy. Excellent universities and vocational educational institutions guarantee ample manpower for both manufacturing and research and development. Major banking, legal, accounting and insurance firms with international affiliations are readily available. Illinois' high quality of life makes it a good place to live and work for your employees. And Illinois' strongly supportive state government makes Illinois an ideal place to do business. If you're looking for a place to move or expand your business in the U.S., the obvious choice is Illinois.

Illinois is coming to London

On March 19, the Governor of Illinois and his economic development staff will be holding an investment seminar on Illinois at the U.S. Embassy. If you'd like to attend, contact the American Chamber of Commerce (UK), telephone: 01-493 0381.

To learn more about Illinois, come to our seminar to be held in London on March 19. Or contact the American Chamber of Commerce (UK), telephone: 01-493 0381, for the new comprehensive brochure, The Difference You're Looking For.



"Crompton Instruments, Inc., a subsidiary of Hawker Siddeley, is among the 140 British businesses operating in Illinois. The splendid commercial resources and central location of Illinois, combined with comprehensive business assistance programmes, provide one of the finest investment opportunities in the United States for European firms. 'I believe the enthusiastic reception and follow-through experienced by the managers of the nearly 500 European companies now operating facilities in our state were also important reasons for their decision to invest in Illinois. 'I invite you to consider Illinois carefully for your firm's North American location and I hope you will call on me, personally, when I can be of service to you.'"

James R. Thompson Governor

Discover The Magnificent Miles of Illinois U.S.A.

TEV contracts won by WILLIAM MOSS CONSTRUCTION, are worth over £10m. Work includes a workshop and service facility at Stonebrook Way, Wedley Castle, and a two-story office block at Stonebrook Way, Wedley Castle. The contract includes reinforced concrete foundations, brick superstructure and tile-clad roof. The project is due to be finished in 27 weeks.

WYRHELAN, Bridlington, has orders totalling over £1m in the construction of a terminal and a Shinklink modular accommodation system. The work took together on site, side by side or end to end, to provide a series of different sized compartments. Sites include a paper mill at Shotton, and a new prison at Full Sutton, near York.

ISSUE OF £1,250,000,000 10 per cent EXCHEQUER STOCK 1989

MINIMUM TENDER PRICE £98.00 PER CENT PAYABLE AS FOLLOWS: Deposit with tender: £20.00 per cent On Monday, 29th April 1984: £20.00 per cent Balance of £100.00 per cent

INTREST PAYABLE HALF-YEARLY ON 1ST FEBRUARY AND 1ST AUGUST... THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND... TENDERS MUST BE LODGED AT THE BANK OF ENGLAND, NEW ISSUES (C), WATLING STREET, LONDON, EC4M 3AA NOT LATER THAN 10.00 AM ON WEDNESDAY, 7TH MARCH 1984... A separate cheque must accompany each tender. Cheques should be made payable to the Bank of England and crossed 'New Issues'. Cheques must be drawn on a bank in, and be payable in, the United Kingdom or the Channel Islands or the Isle of Man.

ISSUE OF £1,250,000,000 10 per cent EXCHEQUER STOCK 1989

MINIMUM TENDER PRICE £98.00 PER CENT TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND... THIS FORM MAY BE USED TENDER FORM

Tender form containing fields for: NOMINAL AMOUNT OF STOCK, AMOUNT OF DEPOSIT (a), TRANSFER PRICE (b), FULL POSTAL ADDRESS, POST-TOWN, COUNTY, POSTCODE, and SIGNATURE.

THE MANAGEMENT PAGE

Technology management

Why Buffalo is back on the map

Christopher Lorenz examines Warner Lambert's revival in scientific instruments

IT'S HARD to imagine a factory in Buffalo, on the very fringes of smokestack America, turning the tables on the Japanese and starting to make products which are not only at least as good, but cheaper. High technology ones, perhaps, but not "mature" things such as standard laboratory microscopes.

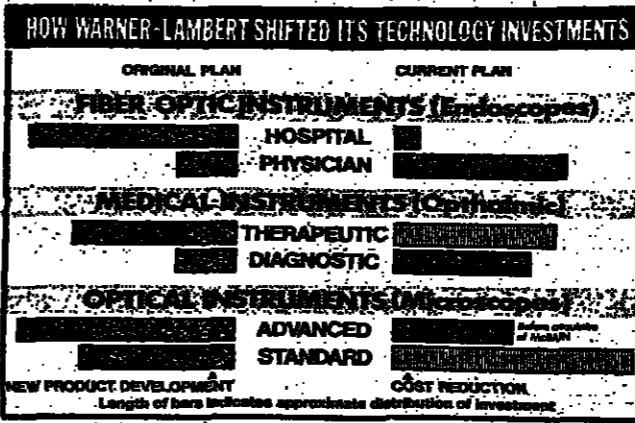
American precision-engineering. Between 1980 and 1982 Warner Lambert divested itself of all 40's other four units, which made such products as spectacles, contact lenses, sunglasses, medical monitoring equipment and industrial safety products. "We were quite prepared to sell the instruments business — we see ourselves as portfolio managers," says Warner Lambert's president, Joe Williams, an enthusiast for strategic portfolio planning. The businesses of his \$32m corporation range from ethical drugs to Schick razors, and Listerine mouthwash to chewing gum. Until two years ago it also owned one of the largest bakery companies in the U.S., Entenmann's.



Don O'Neill (left) and Joe Williams riding high in medical optics

The adding of a new technology dimension to Warner Lambert's existing business planning system and the reversal of its original strategies for almost every type of scientific instrument, was the work of Booz Allen & Hamilton, the management consultancy. The success of the changes has spurred Williams and his colleagues to give Booz Allen further assignments of a similar nature in various parts of the group.

felle (or matrix) to assess the company's strengths and weaknesses, explore potential alternatives or "plays," and define priorities. Integrating the emerging technology strategy with the existing business strategy, adjustments being made on both sides using what Booz Allen calls a "commercialisation grid."



THE most dramatic impact of the Booz Allen work was on fibre optic endoscopes and microscopes. Endoscopes. The market has two segments: hospitals, where the endoscope is used to penetrate deep into the body, often during surgery, and doctors (physicians), where the endoscope is used for requirements are lower as the instruments are shorter, and where cost plays a more important role.

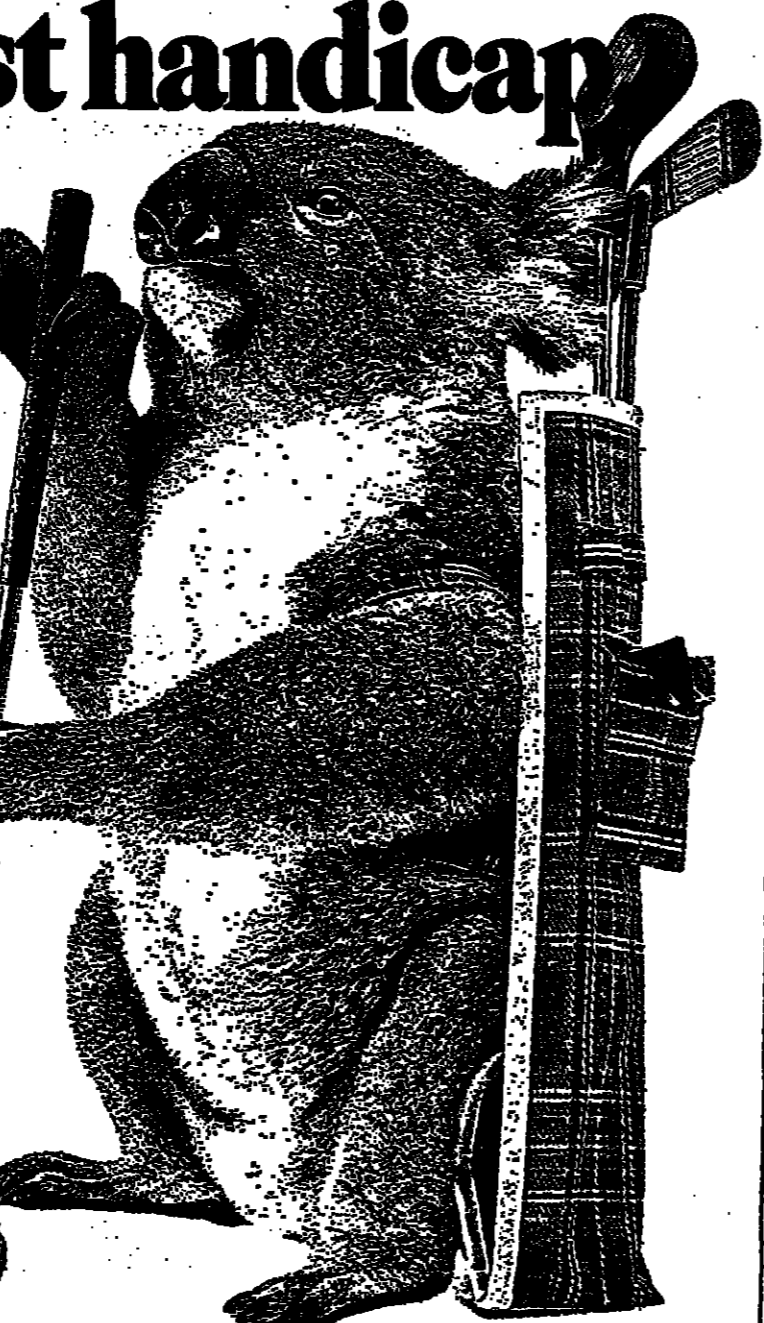
new products have since been launched and "the whole strategy has been very successful," according to O'Neill. "It opened a new window for us in fibre optics," says Joe Williams, previously all the windows had been closing.

Management abstracts

Negotiator abroad—don't shoot from the hip. J. L. Graham & R. H. Ketchum in Harvard Business Review (U.S.), July/Aug 83. Argues that Americans being "competitive, argumentative and impatient" make bad negotiators when dealing with non-Americans; gives examples of how the "shoot-first-ask-questions-later" style can create difficulties overseas; discusses how these could be eased and points to implications for negotiator training.

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QANTAS The Australian Airline. Daily from London. Via Bahrain and Singapore. Twice a week from Manchester. Via Amsterdam and Bangkok.

1984 ENERGY SURVEYS. The following are a list of the proposed Energy Surveys for next year: Offshore Technology, Biotechnology, Coal Industry, Chemicals, Energy Management, World Oil, Process Plant, Europe Gas Supply in the 1980s.

Cranfield School of Management. How to move up without going under. Two-day module to review progress and reinforce the salient points of the programme. We help managers develop appropriate leadership styles, and a better appreciation of new opportunities and constraints.

Financial Times International Year Books. The essential reference guide to the oil and gas industry... NEW EDITION Oil and Gas 1984. 1,000 company entries, speedy access to up-to-date information, international coverage, new improved organisation.

How to cure the conference & exhibition organiser's headache. CONFEX '84 THE BARBICAN LONDON 21, 22, 23 MARCH 1984. Want? What? Where? How? Find out the answers to all your questions on organising a conference or exhibition.

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Vertical text on the left margin, including "March 5 1984" and "OPHER LORON".

THE ARTS

Jumpers/Royal Exchange, Manchester

Michael Coveney



Tom Courtenay and Julie Waters

The first major British revival of Tom Stoppard's intricate farce Jumpers (1972), starring Tom Courtenay and Julie Waters...

New Galileo/Apollo, Oxford

Clement Crisp

Sheehan Davies' new work for the London Contemporary Dance Theatre was on view in Oxford during the latter part of last week...

Power of Darkness/Orange Tree

Martin Hoyle

Originally banned by Tsarist Russia, Tolstoy's best-known play boasts at least two scenes as spine-tinglingly tense as any in European drama in the past century...

Orpheus and Eurydice/Leeds

Max Loppert

Felicity Palmer undertakes here her first Orpheus. The opera's recasting of the line does not do justice to her low phrases...

Theatre news in brief

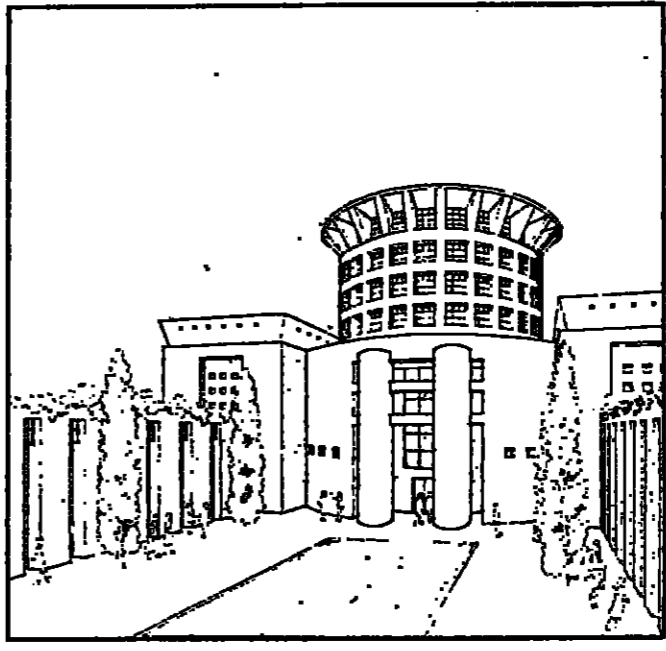
Glenda Jackson is to star in a revival of Strange Interlude by Eugene O'Neill. The play, which runs for more than four hours...

Architecture

Gillian Darley

Lionization and the price of fame

From Thursday, the RIBA's Heinz Gallery, in Portman Square, plays host to an exhibition of work by Michael Graves...



Courtyard of the Ohio State University Visual Arts Center

axis. Was Graves looking at the Pantheon, Roman tombs along the Appia Antica or was it to France, with Ledoux? It is an irresistible game...

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Enslaved by Dreams/ICA

Michael Coveney The worst show I have seen all year was Monstrous Regiment's West Coleridge in Kilburn, but the same company runs it a close second...

Lontano/St. John's, Smith Square

Andrew Clements A partial exception must be made for Richard Hughes' Summer Grasses, a haiku-inspired effluence for soprano and Boulezian ensemble...

The Mikado/Old Vic

B. A. Young I saw this production at the Avon Theatre in Stratford, Ontario, 18 months ago, and it has been running on and off ever since...

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Monday March 5 1984

The Airbus example

AIRBUS INDUSTRIE, which last week gave the go-ahead for the new 150-seat airliner, is sometimes seen as a model of European industrial collaboration.

The manufacture of large civil aircraft, involving very high initial investment and a long payback, is exceptional even among high technology industries.

The British and other European governments generally want to preserve their civil aircraft industries for non-commercial reasons, but that is not an appropriate policy for industry in general.

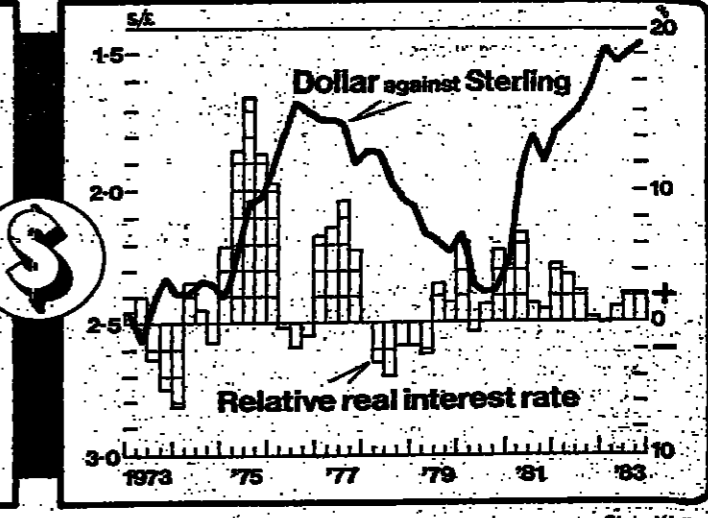
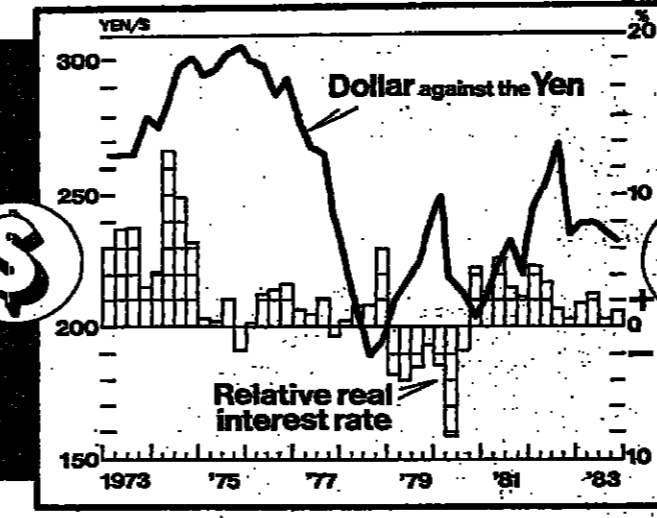
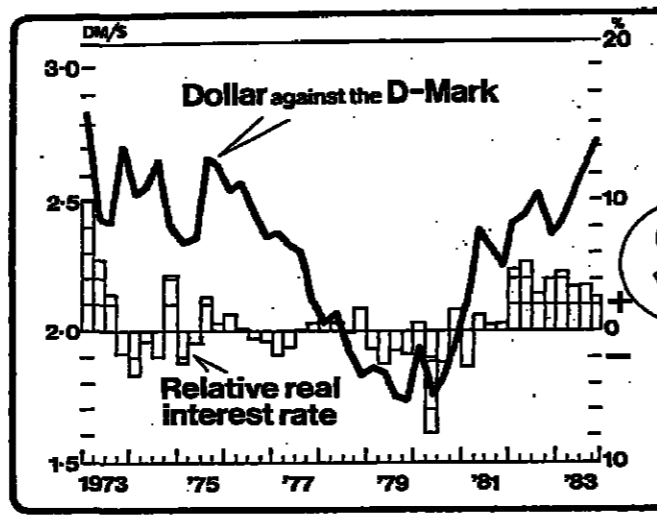
It is striking, for example, that in telecommunications particularly public switching equipment, where European industry is relatively strong—the volume of intra-European trade is very low.

Brazil's choice of president

BRAZIL'S presidential elections are not due until January 1985. On paper this still gives President Joao Figueiredo a reasonable run to implement the economic policies agreed with the International Monetary Fund last December.

However, the knowledge that he is on the way out and suffering from ill health has begun to create the impression of a lame-duck administration. President Figueiredo seems to have lost the stomach for firm government and this has intensified the pre-electoral politicking in which he too is embroiled.

Given that the presidential elections will determine the path towards a full return to democracy, it is natural that the country should now become absorbed in its political affairs. The elections are after all an essential element in the military's plan gradually to hand over to the politicians the control which they assumed by their intervention in 1964.



When the dollar loses its shine

The real fear is that the dollar could suffer a rout, with possibly disastrous consequences for interest rates, inflation and growth in the U.S., which could spill over into the rest of the world, writes Anatole Kaletsky

AFTER strutting across the economic headlines for three years as International Public Enemy Number One, the mighty U.S. dollar appears to have been ambushed at last by the world's foreign exchange dealers.

The dollar's assault on the DM 2.55 level in January was simply too audacious and the subsequent retreat of nearly 10 per cent in the dollar-D Mark exchange rate has exposed the U.S. currency's vulnerability.

Yet there are few signs of retreating about the dollar's fall in the central banks of Europe and Japan, and even less jubilation in the world's stock markets.

But now that the surge in the dollar may be about to reverse itself, it is much less clear cut than it appeared at Versailles or Williamsburg whether a weaker dollar will aid world economic recovery or obstruct it.

The current bout of worldwide nervousness about what life may be like with a weaker dollar is more about the style of the dollar's decline than about the fact that it is falling.

It is still generally believed that a weaker dollar will reduce inflation rates in most countries because it will bring down oil and commodity prices.

To the extent that this is true—and experience of the past few years suggests that it is—lower prices of most commodities and even oil are fixed only in the short term, before they adjust to movements in the dollar's exchange rate.

whatever level will persuade investors, speculators and central bankers (if they choose to intervene in the currency markets) to buy the surplus dollars offered the world that day as a result of the U.S. current account deficit.

The first canon to bury is that the world could refuse to finance an excessive U.S. current account deficit, for however many dollars there are on offer, somebody will buy them.

It can also develop a life of its own, particularly in perceptions about a country's inflation or its political stability deteriorate. As we shall see, this third factor of "confidence" is not, in the present circumstances, as vague and unclear as it may appear at first sight.

Until a month or two ago it was generally assumed that the rise in the dollar would eventually be reversed by a decline in U.S. interest rates.

Perhaps the single most unsettling development of the past few weeks for the foreign exchange markets is that this popular scenario for a "soft landing" has been turned on its head—the dollar has fallen as U.S. interest rates have risen and fears about the budget deficit have grown.

Thus the markets are being forced to consider the second possible explanation for a fall in the dollar—the level of the current account which will need to be financed in the years budget deficit have grown.

even more expensive relative to foreign ones, sending the current account still further into deficit, unless the dollar falls.

Until recently the possibility that the dollar could fall as a result of excessive economic growth did not cut much ice in the foreign exchanges because of a vital caveat.

The scary scenario which is now beginning to stir the financial markets is that this caveat may turn out to be wrong—the Fed may be unwilling or unable to brake the growth of the U.S. economy.

For any fall in the dollar will give an upward twist to inflation—10 per cent fall in the trade-weighted dollar index raises U.S. consumer prices by about 1.2 per cent over two years.

But if a choice does have to be made, a speech last week by Mr Martin Feldstein, the President's chief economic adviser and Mr Paul Volcker's closest ally in the Washington political structure, seemed to suggest that the Fed would err on the side of a benign neglect of the exchange rate.

Furthermore, the persistence of high real growth rates is starting to push the economy up against its capacity limits, creating the conditions for a new upsurge of inflation—and this inflation will make U.S. goods

electoral issue and hand the Presidency to a Democratic candidate, who will almost certainly be even more unsettling to financial markets than Ronald Reagan, at least in the early phase of the new Administration.

Shipbuilders' new salesman

Nobody looks more thoroughly at home in the hurly-burly of the shipbuilding industry than Ken Chapman, the tough, fast-talking 44-year-old, one-time apprentice, who runs Swan Hunter.

After a year as head of the Tyneside yard, Chapman will soon be taking on one of the industry's most challenging jobs—running the new product development and marketing department to be set up by British Shipbuilders.

State-owned BS, staggering under huge losses and desperate for more business, is being streamlined by its recently appointed chairman, Graham Day. Chapman's job will be to come up with the right products and sales strategy to weather the harsh conditions of the industry.

"It's extremely tough, we've got to face that," Chapman reflects on the task ahead. The other European yards, BS will concentrate on trying to meet shipowners' needs instead of simply offering them its own vessels.

Men and Matters

wants to buy it, we've got to stand the needs of the market and act more as a transportation consultant, asking shipowners: 'What do you want to move, how and where?'

Managing Swan Hunter, one of the largest and most complex of the BS yards, Chapman says he "enjoyed thoroughly"—there's a huge potential here.

Chapman will still be deputy chairman of the composite (naval and merchant ships) yard where he has striven to boost productivity and overcome delays on building new Atlantic Conveyor for Conard.

The BS division within which he will work will be headed by Peter Milne, a diffident 48-year-old, who 18 months ago was given the awesome job of trying to sort out the troubles of Scott Lithgow, on the Clyde, and is now taking on an expanded role over all the merchant and composite yards.

Old times

Brokers, it appears, have not always enjoyed the reputable position in the City establishment that they hold today.

Sir William Rees-Mogg, former Times editor—and one-time Observer for this column—has come across several notorious examples in what has clearly been the enjoyable task cataloguing a series of rare 17th-century criminal news pamphlets for his antiquarian bookshop, Pickering & Chatto.

Among those who spring readily to mind are Michael von Clemm, chairman of Credit Suisse First Boston; Bob Logan, chief executive of Grandlays; John Hyde, chief executive of the Charterhouse Group; and Peter Alexander, European head of Chemical Bank.

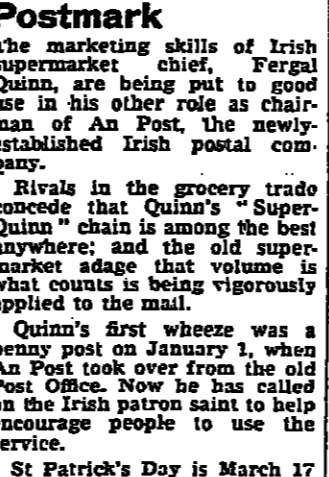
The Duke of Argyll is an ex-Citibanker; so is John Montgomery, Clerk of the Salters' Company; and Richard Wheeler-Bennett, chairman of Thomas Borthwick, the meat group.

Rudyard never kipped in such comfort. Kipling would have waxed lyrical about Air-India. Especially our First Class. Wide, deeply comfortable seats in which he could stretch out or curl up.

Beautiful hostesses at his every beck and call. The very latest 747s, soaring flights of fancy. Westbound every lunchtime to New York, eastbound every morning, non-stop to India. We could even have asked him to write this advertisement.



...and don't give me that sob story about having to get rid of short term gilts.



St Patrick's Day is March 17 and An Post is offering greetings cards for an all-time price of 25c Irish pence, postage paid. Not a bad bargain when the

Handwritten signature or note at the bottom of the page.

FOREIGN AFFAIRS: EUROPEAN DEFENCE

The Kissinger recipe

By Ian Davidson

LAST WEEK, in an extended essay in Time Magazine, Dr Henry Kissinger set out a detailed plan for the rebalancing of the Atlantic Alliance...

absolutely calm, not to say indifferent. When American spokesmen urge the European allies to step up their spending on conventional weapons...

much of its credibility, and therefore seriously undermines public support for Nato doctrine. The politico-military problem is that, although Europe is much richer than the Soviet Union...

deterrence against a deliberate Soviet attack; if there are holes in the credibility of the nuclear doctrine, yet still a Soviet aggression would face a more difficult task...

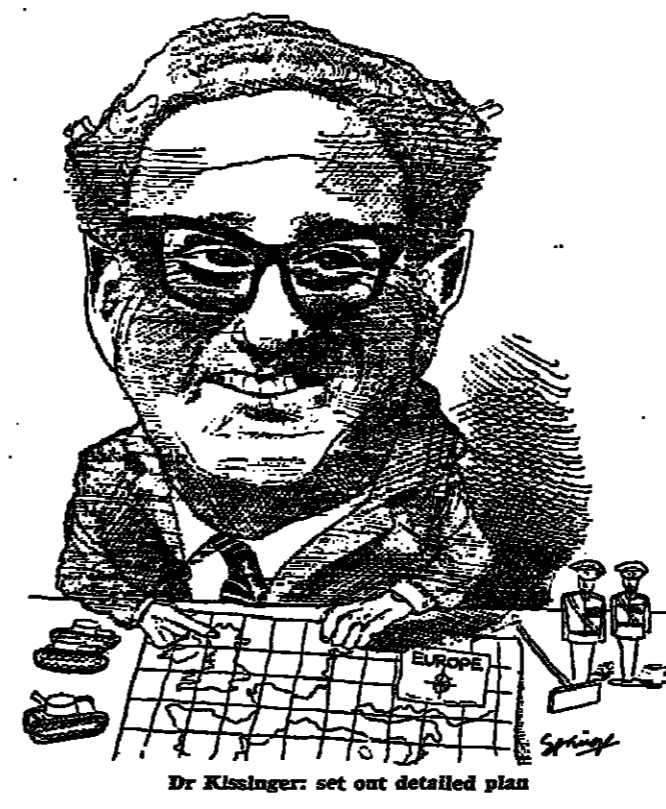
This is a highly puzzling notion. It is not a matter of the ABNACI faces an accumulation of structural problems, military, financial and political, and only the most complacent would argue that these problems can be dealt with by shuffling and nudging the carpet...

Admittedly, many of the specifics of the Kissinger plan are debatable: some may be inherently misguided; others, if desirable, may be impracticable at least in the current state of Europe's development...

For five years his resistance was successful. When it finally failed, he withdrew France from the integrated military structure of Nato, and based French defence on the principle of total independence...

European security should also extend to arms control, according to Kissinger. The MBFR committee to Europe; it must be seen how less rational deliberately engineer a critical weakening of the conventional balance...

Many of the specifics of the Kissinger plan are debatable



Dr Kissinger: set out detailed plan

Lombard A question of intelligence

By Michael Dixon

UNLESS university-trained women and graduate men get together and produce more babies Singapore's living standards will fall, says Prime Minister Lee Kuan Yew. He believes that the tendency of the highly educated to breed less than their academic inferiors is a mechanism for reducing the country's average level of intelligence...

While it is no longer stated publicly by our political leaders, the basis of the same belief persists in western societies. It is true that those claiming like Mr Lee, that genetic inheritance is the main source of intelligence are opposed by groups such as Marxists who say the source is the social conditions in which a child is brought up...

One is that there exists a thing called "general intelligence" possessed by people much as they have the power of sight or hearing. The second is that how much "g" intelligence we have is reflected by our performance in academic education.

Among professional psychologists, however, these assumptions are a matter of sharp controversy. Numerous psychologists do believe in the single "g" property on the basis of their statistical interpretations of countless intelligence tests.

Since neither side's statistical approach is demonstrably more scientific than that of the other, the controversy seems unlikely ever to be resolved so long as the raw material is the result of psychological tests, usually of the pencil-and-paper type.

He is a psychologist, trained in one of the strictest versions of the single-intelligence-vention, who went on to divide his research activity between

A hidden tax on water

From the Chairman, Water and Sewerage Department, City of London. In your article on the Thames Water Authority (February 22), in which you discussed the cuts planned in the waterworks, you quoted certain figures for the authority's costs...

The charges, however, will increase to a much greater extent. Industrial water and sewerage charges will increase by 10 per cent to 2 per cent and household water bills by about 10 per cent.

Letters to the Editor

to be subject to any form of taxation. The Government and the water industry should take immediate steps to order their affairs in such a way that taxation of water services does not occur.

Lovers of Elgar

From the Secretary, The Elgar Society. Sir, Once can be ignored as a trivial matter but twice does call for comment. Recently your distinguished critic Dominic Gill expressed his dislike of Elgar's music in clear terms before proceeding to give a favourable review of the performance.

concert hall in this economic climate is no mean feat, which either suggests that the public is irrevocably averse or may listening to the work of a great artist and to celebrate his life by honouring the anniversary of his death.

North Sea oil and gas costs

From Mr T. Cox. Sir, Mr G. A. Mackay (February 28) questioned the implications of your February 20 report on North Sea oil and gas costs. To put the record straight our Press release said: "The indices show that offshore development costs are being contained."

Tax avoidance, the law and an infringement of freedom

starting with W. T. Ramsay v IRC and ending with the Dawson case. The House of Lords in the latter case, by a majority of 3-2, has apparently usurped the authority of Parliament by effectively inserting the new principle into English law...

depart from principles of some thirty years standing by swinging in favour of the taxpayer (as in Vintage and Ramsay). Taxpayers are likely - with some justification - to assume that at some stage the House of Lords will do as it did in the Vintage case, realising that it has been led to the edge of a precipice and beat a hasty retreat on firmer terrain.

point a prosecuting authority will seek to found a criminal charge on the basis of a transaction containing no element of purpose but seeking to circumnavigate the letter of the law by what would, but for Dawson, be considered to be legal means.

Does not the "new approach" infringe the provisions of the European Convention for the Protection of Human Rights and Fundamental Freedoms? That provides that "every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law."

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# FINANCIAL TIMES

Monday March 5 1984

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## Terry Byland on Wall Street Drugs and the dollar headache

THE FIRST two months of 1984 will not be lightly forgotten on Wall Street, even if the stock market was beginning to show signs of coming up for air by the end of February.

All the factors seem to have been bear ones for the past eight weeks. But what is bad for some sectors can be good for others, and it may be time to start looking for the silver linings, especially if the whole market is beginning to look a shade steadier.

The wave of uncertainty over the outlook for the dollar, for example, has already started to benefit some of those stocks in companies which have been struggling for so long to sell their products in overseas markets.

The major pharmaceutical groups, whose success in developing their domestic opportunities was offset by their vulnerability to the effects of a strong U.S. dollar, have strongly outperformed the rest of the industrial stock market since the turn of the year.

The pharmaceutical majors take between a third and a half of their sales from outside the U.S. Merck, the sector's favourite son and its representative in the Dow Jones Industrial average, is making a bold play in the Japanese market through its most recent acquisition, Banyin.

Like many of the pharmaceutical stocks, Merck peaked ahead of the stock market last year, chiefly because the continued strength of the dollar had begun to depress earnings prospects.

But Merck's stock price has risen 6.7 per cent since the beginning of the year, compared with a fall of

Stock	Price \$	Change from Jan 1 (%)	p/e
Abbott	69 1/4	-11	14
Lilly	64 1/4	-12.2	11
Merck	96	+ 6.7	16
Pfizer	38 1/2	+ 6.6	14
Upjohn	57 1/2	- 3.4	11

6.82 per cent in the Dow Industrials, or of 4.82 per cent in the more broadly based Standard and Poor's 500 stock average on which the Wall Street analysts prefer to base their predictions.

The same trend has been followed by the other pharmaceutical leaders, with Eli Lilly up 12.2 per cent since January 1, Pfizer up 8.8 per cent, and Bristol-Myers, which is almost never out of favour on Wall Street, some 2.4 per cent ahead.

The companies quoted are among the more prominent in the list of those most closely affected by the outlook for the dollar. Bristol-Myers takes about a third of its sales and about the same proportion of its profits from outside the U.S. Pfizer takes the highest proportion of the sector, with about half its profits and nearly 60 per cent of its sales originating overseas.

Not that the improvement in the prospects for dollar earnings has been sufficient reason to brush aside other considerations. Johnson & Johnson, which sourced Wall Street's affections with its widely published problems over Tylenol and then with Zovir, has remained even weaker than the rest of the industrial stock market since Christmas, with the stock down 15 per cent this year.

SmithKline Beckman, which has seen a downgrading of profit forecasts by the Wall Street analysts because of the expectation that sales of its Tagamet anti-ulcer drug will suffer increasingly from the competition from Glaxo's Zantac drug, has lagged behind the rest of the sector - but not the rest of the stock market, it should be said.

The outcome of the strength of the pharmaceutical stocks since the onset of the great shake-out of 1984, is that they are now trading on price/earnings multiples of between 13 and 15.

This appears to compare reasonably with the p/e of 20 on the Dow Industrials, itself taking in a number of the old heavyweights which led the market downhill during January and February, and which continue to lie under a cloud as analysts downgrade their profit forecasts on the expectation that the economy may slow down in the second quarter.

But the pharmaceuticals are twice blessed, in that they are also regarded as defensive stocks whose profits from inside the U.S. are likely to be maintained even if belts have to be tightened again in some economic areas.

Moreover, if the dollar does fulfil expectations by falling during 1984, then pharmaceutical stocks still have plenty of scope to respond. In the case of Abbott Laboratories, which has been slow to follow the rest of the sector forward, a weakening in the dollar would be a major benefit to the 25 per cent of sales which come from outside the U.S.

## WASHINGTON PRESSED FOR EARLY SOVIET SUMMIT

# Kohl urges fresh arms talks

BY STEWART FLEMING IN WASHINGTON

CHANCELLOR Helmut Kohl of West Germany yesterday urged the U.S. to consider entering into new arms control talks with the Soviet Union ahead of the presidential election in November. He also favoured an early summit meeting between President Ronald Reagan and the new Soviet leader Mr Konstantin Chernenko, provided there was confidence it would not be exploited for propaganda purposes.

Interviewed on American television, ahead of his planned meeting with President Reagan today, Mr Kohl made it clear that he is concerned about tensions between the U.S. and the Soviet Union. On the

need to resume the superpower dialogue he said that, irrespective of the sharp ideological differences, preservation of peace was such an important goal that every opportunity should be taken to further it.

Mr Kohl made it clear that he intends to press President Reagan on economic issues which are worrying the European governments, in particular signs of mounting protectionist pressures in the Congress and the U.S. failure to tackle the problem of the federal budget deficit.

He said he understood the temptations to introduce protectionist measures in an election year, but

added "we will all be worse off" if they are not resisted. On the budget deficit, he expected little significant change in U.S. fiscal policy ahead of the November election, but added that he hoped for action after the election which would help to bring down U.S. interest rates and have a beneficial effect on the European economy.

Questioned about a recent suggestion by Dr Henry Kissinger, the former Secretary of State, that Western Europe should take on a greater responsibility for its conventional defence, Mr Kohl said that it would be a mistake to reduce U.S. troop levels in Europe, and a

mistake to appoint a European to be Supreme Commander of Nato.

But he underlined the importance of the West of the U.S. pillar of the Western alliance, partly in order to resist anti-American and nationalist trends.

In this context, however, he stressed that Western Europe had implemented the twin-track Nato decision and begun to deploy Pershing intermediate range missiles, citing this as evidence of the unity of purpose in the West.

Kissinger's plan for Nato, Page 15

## Ustinov and Gandhi to seek better ties Progress unlikely in Sino-Soviet split

BY JOHN ELLIOTT IN NEW DELHI

THE SOVIET Union will this week attempt to cement its ties with India and to push negotiations forward on important defence orders - at a time when India's stance as a leading non-aligned nation, plus its wish to buy the most efficient arms, has led it into new links with the West.

Marshal Dimitri Ustinov, the Soviet Defence Minister and one of the most senior figures in the Moscow hierarchy, is visiting India for one week. This visit was postponed just before the death last month of Mr Yuri Andropov.

His visit coincides with a sudden rapprochement during the past few days between India and Pakistan which could have significance ultimately for the Soviet stance on Afghanistan. Concern is being shown about the activities of Pakistan's troops on the border of India's northern state of Kashmir since the two countries agreed to resume talks in May on non-aggression and friendship pacts, after a gap of more than a year.

Although the Soviet Union was displaced last year by the U.S. as India's major trading partner, its total business with India far exceeds that of the U.S. if its massive defence sales are included.

This week a delegation of senior defence chiefs accompanying Marshal Ustinov will be discussing sales of aircraft, army equipment, and ships.

Observers believe that Moscow is specially concerned that India is turning to British Aerospace, Dassault of France, and MBB and Dornier of West Germany to select a partner to develop indigenous production of a new light Indian combat aircraft.

said, was "irked when we assert our freedom." There was no place in the U.S. global strategy for India.

While these remarks will be welcomed in Moscow, they are made partly for internal consumption in India, where Mrs Gandhi wants to win the backing in her forthcoming general election of one of the country's two communist parties which is currently split over her policies.

Moscow's interest in organising the visit so quickly after Mr Andropov's death as the first major overseas trip since the change of leadership, underlines the importance that the Soviet leadership continues to give to maintaining and strengthening its ties with India.

Mrs Gandhi is returning the compliment by putting Marshal Ustinov up in the Rastapatti Bhavan, the presidential palace in Delhi.

China's interest in the visit is also significant. It is the only major trading partner, its total business with India far exceeds that of the U.S. if its massive defence sales are included.

That has confirmed indications that the next round of Sino-Soviet consultations, due to begin in Moscow next Monday, can only make superficial progress in further easing the 20-year rift between the two countries.

China insists that relations can be normalised only when the Soviet Union agrees to end its support for the Vietnamese occupation of Kampuchea, withdraw from Afghanistan and cut the number of troops and missiles deployed along China's northern borders.

BY MARK BAKER IN PEKING

THE NEW Soviet leadership has rejected China's plea for significant moves to break the deadlock in their relationship.

Mr Konstantin Chernenko, the recently installed leader, used part of his first important speech to emphasise that the Soviet Union would not make any agreement with China "to the prejudice of the interests of third countries."

His statement indicates the same attitude as that of the previous Soviet leadership: that Moscow will not accept China's demands on Kampuchea, Afghanistan and border troops, including those in Mongolia - the so-called "three countries."

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Immediately after the death of President Yuri Andropov, a Chinese state councillor, Mr Ji Fangfei, appealed for a new effort towards rapprochement. He said the formal consultations, begun in late 1982, had not solved any of the three obstacles "constituting a threat to China's security."

"We hope that the Soviet side will make common efforts with us in the fourth round of talks to make substantive progress in solving these problems," Mr Ji said.

Mr Chernenko, in a speech delivered on Friday and circulated by the Soviet embassy in Peking, said the Soviet Union was a consistent proponent of normalisation with China and believed that could advance the role of socialism in international affairs.

"Political consultations show, however, that there remain differences on a number of questions of principle. In particular, we cannot make any agreements to the prejudice of the interests of third countries."

He hoped there would be an increase in contacts already being established in economic affairs, culture, science and other fields.

The firm Soviet line in China's demands was emphasised in a statement by Mongolia late last week, published by the Soviet news agency Tass, rejecting a reduction in Soviet troop levels in Mongolia.

It said the troops were deployed at Mongolia's request, posed no threat to China and, as the issue was "exclusively an internal matter of our state," could not be an obstacle to normalisation.

## Protest over Japanese typewriters

Continued from Page 1

comed what it regarded as "fair competition", it would emphatically oppose a "distorted competition" based on dumping.

Olivetti's complaint will prompt an investigation by the European Commission in Brussels. This will involve an examination of the Japanese production costs, domestic selling prices and overseas selling prices.

If there is obvious evidence of dumping, the Commission could impose a provisional anti-dumping duty, pending the completion of a more detailed examination. The final duty would be settled to eliminate the dumping margin.

Alternatively the Commission could reject the complaint altogether as unjustified.

Japanese electronic typewriter manufacturers have made inroads in the European market only in the last few years. They have speedily removed IBM, from its position as market leader with its *Golfball* typewriters, by providing low-cost automation.

The Japanese producers - Silver Reed, Brother, Sharp, Panasonic, Ricoh, Tokyo Electric and Canon - have also eaten into the sales of Olivetti and of the two West German manufacturers Olympia and Triumph-Adler.

## Hart and Mondale face Maine clash

BY STEWART FLEMING IN WASHINGTON

FORMER Vice-President Walter Mondale and Senator Gary Hart, the challenger who scored an upset victory in the New Hampshire primary last week, were squaring off yesterday for their first head-to-head confrontation in the race for the Democratic Party's nomination to challenge President Ronald Reagan for the White House in November.

The small and bleak New England state of Maine has become the battleground for a contest which Mr Mondale himself conceded at the weekend may not finally be decided until the party convention in San Francisco in July. Before his stunning defeat in New Hampshire, Mr Mondale, to that point the front-runner in the race, had been claiming that he would roll over all the opposition and win the nomination with ease. By last Friday, Mr Mondale had changed his tune. He told a rally in Augusta, Maine: "I'm not the front-runner; this is a very tight race."

Perhaps as few as 20,000 registered Democrats in Maine were expected to attend meetings in 425 towns to publicly declare their allegiance to one of the Democratic contenders. But with Senator John Glenn having already disbanded his campaign organisation in Maine to save money, and the Rev Jesse Jackson and Mr George McGovern

## Gulf Oil and Arco explore terms for bid

Continued from Page 1

around \$36 to \$804 last Friday when it capitalises the company at \$11.5bn.

The Pickens group, which already holds a 13.2 per cent stake in Gulf, is in the midst of a \$65 per share offer for another 8.1 per cent of Gulf, and most observers feel that in the absence of any rival bid, the Pickens group would be able to win control of Gulf.

In what looks like an admission of defeat the Gulf board announced on February 24 that while it thought the Pickens offer was "unfair and inadequate" it had authorised its advisers to "explore all alternatives". Last week Gulf confirmed that it was in talks with several companies regarding a possible merger.

Arco is regarded as the frontrunner for Gulf's hand. The group has already lined up a \$10bn plus credit line which it will use to finance any offer, and Mr Robert Anderson, Arco's chairman, is known to have had several conversations with Gulf's senior executives, including discussions of a \$70 per share offer, according to Mr Pickens.

The possibility that Gulf will lose its independence has been heightened by the willingness of the U.S. anti-trust authorities to nod through Texaco's \$10.1bn takeover of Getty Oil earlier this year.

## Syria in troops pact

Continued from Page 1

ment would be made today signalling the end of Lebanon's woes.

President Gemayel met Mr Frangieh and Mr Rashid Karami, a former prime minister, in north Lebanon over the weekend.

The agreement reached between the Syrian President and the Lebanese opposition leaders yesterday would mean that the Lebanese Cabinet, which resigned last month, would have to be re-constituted temporarily to legalise the cancellation of the troop withdrawal pact with Israel.

Mr Shamir said last week that Israel would not feel itself bound by any of the limitations it agreed in the May 17 agreement, negotiated after months of tortuous negotiations between Lebanese and U.S. delegates.

## World Weather

Continued from Page 1

reaction from Israel last night to the Damascus announcement.

Previously, however, Mr Yitzhak Shamir, the Israeli Prime Minister, had made clear that in the event of an abandonment of the withdrawal pact, Israel would feel free to take whatever military measures it might feel necessary in south Lebanon to safeguard the security of its northern border.

Mr Shamir said last week that Israel would not feel itself bound by any of the limitations it agreed in the May 17 agreement, negotiated after months of tortuous negotiations between Lebanese and U.S. delegates.

## World Weather

London		Paris		Rome		Frankfurt		Geneva		Zurich		Tokyo		Sydney		Auckland		Wellington	
F	C	F	C	F	C	F	C	F	C	F	C	F	C	F	C	F	C	F	C
11	5.2	10	4.9	12	6.4	10	4.9	11	5.2	11	5.2	11	5.2	11	5.2	11	5.2	11	5.2
12	5.2	13	6.5	11	5.2	11	5.2	11	5.2	11	5.2	11	5.2	11	5.2	11	5.2	11	5.2
13	6.6	14	7.9	15	8.4	16	9.0	17	10.0	18	11.0	19	12.0	20	13.0	21	14.0	22	15.0
23	14.4	24	15.8	25	17.2	26	18.6	27	20.0	28	21.4	29	22.8	30	24.2	31	25.6	32	27.0
33	31.1	34	32.5	35	33.9	36	35.3	37	36.7	38	38.1	39	39.5	40	40.9	41	42.3	42	43.7
43	48.9	44	50.3	45	51.7	46	53.1	47	54.5	48	55.9	49	57.3	50	58.7	51	60.1	52	61.5
53	65.6	54	67.0	55	68.4	56	69.8	57	71.2	58	72.6	59	74.0	60	75.4	61	76.8	62	78.2
63	82.3	64	83.7	65	85.1	66	86.5	67	87.9	68	89.3	69	90.7	70	92.1	71	93.5	72	94.9
73	99.0	74	100.4	75	101.8	76	103.2	77	104.6	78	106.0	79	107.4	80	108.8	81	110.2	82	111.6
83	115.7	84	117.1	85	118.5	86	119.9	87	121.3	88	122.7	89	124.1	90	125.5	91	126.9	92	128.3
93	132.4	94	133.8	95	135.2	96	136.6	97	138.0	98	139.4	99	140.8	100	142.2	101	143.6	102	145.0

## Syria in troops pact

Continued from Page 1

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Handwritten signature: *José Luis...*



SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Monday March 5 1984

COWIES Fleet Sales

Look at Lovell FOR CONSTRUCTION

UNIVERSITY OF BRISTOL LIBRARY

Cash-rich banks offer good terms to corporations

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

THERE could be a more telling indication of liquidity in the international banking system than the \$120m surprise credit sprung on the Eurocredit market by Atlantic Richfield (Arco) last week.

Not only is this the largest bank loan ever, it is also being put together in the space of little more than a week, as Arco expects to be able to sign the credit this week. It needs the funds to buy Gulf Oil, with which it is now in discussion.

Elsewhere, banks in Ireland's \$500m credit signed last year have not yet decided on their reply to its request for a renegotiation on more favourable terms, although some bankers believe that a compromise solution could begin to emerge towards the end of the week.

INTERNATIONAL BONDS

Saturation worries prompt frills on FRN deals

BY MARY ANN SIEGHART IN LONDON

IT IS usually a sign of near-saturation in the Eurobond market when the plain "vanilla" bond disappears, to be replaced by one with bells and whistles attached. It means that investors at the margin have to be lured back by the prospect of something new and attractive.

But the deal as a package has still to be good value for the borrower to do its stuff, as two deals launched last week amply illustrated.

Danask Ole & Naturgas (DON), the Danish state oil company, offered \$100m of floating-rate notes paying 7/8 per cent over the three-month London interbank offered rate (Libor) through Goldman Sachs and Morgan Stanley.

This week should see some fresh movement on the rescheduling front. Meetings with key creditors are scheduled for a number of countries including the Philippines, Yugoslavia and Argentina.

twice a year, as on most FRNs, many institutions feel that mismatching their funding - that is, borrowing more cheaply for a shorter length of time - can be dangerous if rates move against them.

In a bearish market like this one, more frequent setting seems attractive. But it also has an advantage for people who are borrowing money in order to buy FRNs.

So, if rates rise, the coupon will adjust much more quickly than is the case on normal FRNs where coupons are set only as often as they are paid.

Another sign of investment bankers' worry about the FRN market's capacity to absorb much more paper is that many are trying to concoct a hybrid instrument which

combines the marketability of a floater with the spreads available in the Eurocredit market.

Some bankers perceive that the move from syndicated loans to FRNs has gone too far and is likely to rebound. But the banks as investors are loath to relinquish the ability to buy and sell their assets.

One answer might be to increase the use of Euronote issues, in which paper is placed with investors who can either bid at a tender panel monthly or quarterly for the paper at a price they choose or can resell it back to the lead manager.

BHF Bank bond average table with columns for March 2, Previous, High, Low.

NEW INTERNATIONAL BOND ISSUES

Large table listing bond issues with columns for Issuer, Amount, Maturity, Av. Eff. years, Coupon %, Price, Lead Manager, Offer yield %.

\* Not yet priced. † Final terms. \*\* Placement. ‡ Convertible. † Floating rate note: coupon is spread over 6-month Libor. (a) Spread over mean of 6-month bid and offered rates. (b) Spread over 3-month Libor. † With warrants.

First City Financial Corporation Ltd. advertisement for a \$66,000,000 bond issue, listing various banks and financial institutions.

Hill Samuel Finance BV advertisement for a \$30,000,000 floating rate note issue, listing various banks and financial institutions.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

U.S. BONDS

Underlying mood still grim despite late rally

LONG-TERM U.S. bond prices slumped to their lowest levels for almost six months last week before bouncing back in a thin-based rally spurred by a smaller-than-expected increase in the yield curve...

HK returns to domestic borrowing

BY ROBERT COTTRELL IN HONG KONG

THE HONG KONG Government is expected to announce shortly the terms on which it will seek to raise HK\$1.5bn (195.5m) through a Hong Kong dollar-denominated bond...

free reserves, the government is covering half the shortfall with a bond issue. The offer will be made by open tender, and local analysts believe the government may end up paying around nine per cent for its money...

Occidental to buy back preferred stock

BY WILLIAM HALL IN NEW YORK

OCCIDENTAL PETROLEUM is paying \$333m to buy back some of its preferred stock. The move is part of Occidental's efforts to strengthen its balance sheet following the 1982 acquisition of Cities Service...

Brown Boveri Group makes senior changes

Dr Werner Thommen is to become a general manager of Baden, and a Member of the Brown Boveri Group's management committee on April 1. He is foreseen as successor of Mr Erwin Bielinski as head of Brown Boveri International...

INTERNATIONAL APPOINTMENTS

board of management in Basle, Switzerland. Mr Alex S. C. Wu has been appointed chairman of the board of the new Hong Kong-based BSR International...

estate lending operations. Finally, Mr Patrick P. Flanagan, Mr. P. Walters and Mr. Gary L. Williams have been named assistant vice presidents and Mr. John P. Deane has been named financial sales officer...

Mitsui Finance Asia Limited advertisement. Includes logo, company name, U.S. \$100,000,000 Guaranteed Floating Rate Notes 1996, Issue Price 100 per cent, and a list of international partners like Goldman Sachs, Citicorp, etc.

FT INTERNATIONAL BOND SERVICE table. Columns include Country, Issued, Bid, Offer, Change, and Yield. Lists various international bonds from the U.S., Europe, and other regions.

Vertical advertisement on the right edge of the page, partially cut off, featuring 'Ice cream' and 'Orion Royal Bank'.

UK COMPANY NEWS

Ice cool and well-conditioned

EVEN BY comparison with his eye-severe working life, these are busy times for Mr David Abell. On Friday last week he issued the first document to shareholders in Suter Electrical, the air-conditioning and refrigeration group, detailing the sale of surplus plant and air-conditioning unit, and watched with amusement the speculation which brewed up as Mr Christopher Moran, the Lloyd's broker, was rumoured to have increased a stake in Suter.

Ray Maughan traces the ever-active career of Suter's David Abell

On the following day, Mr Abell was due to watch his new stepladder, Mick's Ritual, run at Market Basin and today he expects to receive planning permission for the sale of surplus plant and air-conditioning unit, and watched with amusement the speculation which brewed up as Mr Christopher Moran, the Lloyd's broker, was rumoured to have increased a stake in Suter.

SHARE STAKES

Standard Life Assurance Company has acquired a 10.73 per cent stake in Alexander's. Robert Fleming and Co has bought for an associate 150,000 ordinary shares. Charles Baynes-Mr William Clegg, director, has disposed of 35,194 ordinary and Mrs J. A. Clegg has disposed of 6,615 ordinary.

Order books higher at Allied Textiles as demand holds up

ORDER books for most of the members of Huddersfield-based Allied Textile Companies are currently better than at this time last year, says Mr C. Russell Smith in his first annual statement as chairman.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the sub-sections shown below are based mainly on last year's timetable.

As reported on February 1, the company's profit improved on lower turnover of £20.6m against £27.7m. A geographical analysis of this, published in the annual report, shows (2003 omitted) UK £19,829 (£18,819), Continental Europe £3,118 (£3,254), the Middle East £1,95 (£2,290), the Far East £1,489 (£1,072) and other areas £687 (£707).

In their statement, the auditors draw attention to accounting policies used. These indicate that the break-up value of the company has been applied to the financial statements of certain activities.

COMPANY ANNOUNCEMENT

EAST RAND GOLD AND URANIUM COMPANY LIMITED

PROPOSED RIGHTS OFFER OF 2,670,000 15.5 PER CENT UNSECURED CONVERTIBLE DEBENTURES 1988/1991

Further to the circular to members dated February 9 1984, members are advised that the special and ordinary resolutions proposed at the general meeting of the company held on March 2 1984 have been passed.

The debentures will be redeemed at par by drawings in four equal instalments of R6,610,000 each, on the last Friday in December in each of the years 1988 to 1991 inclusive.

A circular will be posted to members from the Johannesburg and United Kingdom offices of the company on March 16 1984 containing full details of the offer and the conditions attaching to the debentures with a reply by the company's technical advisers.

BASE LENDING RATES table with columns for bank names and interest rates. Includes A.B.N. Bank, Allied Irish Bank, Ansbank, etc.

EQUITIES

Table of stock prices for various companies including Anglo American, Anglo Irish, Anglo Saxon, etc.

FIXED INTEREST STOCKS

Table of fixed interest stocks including Alan Dav, B.L. 10 1/2, etc.

"RIGHTS" OFFERS

Table of rights offers for various companies including Applied Computer, Broken Hill, etc.

PENDING DIVIDENDS

Table of pending dividends for various companies including Anglo American, Anglo Irish, Anglo Saxon, etc.

Granville & Co. Limited advertisement with details of services and contact information.

Australian Industry Development Corporation advertisement for AS42,000,000 12 1/2% Notes due 1990.

FINANCIAL TIMES STOCK INDICES table showing Government Securities, Fixed Interest, Industrial, Gold Mines, FTSE 100, etc.

3i Term Deposits advertisement with details of interest rates and terms.

Table of company shares and fixed interest stocks with columns for company name, price, and yield.

Closing prices March 2

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month	High	Low	12 Month	High	Low	12 Month	High	Low	12 Month	High	Low
AC	44.50	43.00	ACT	12.00	11.50	AD	42.00	41.00	ADP	12.50	12.00
ACB	45.00	44.00	ACD	13.00	12.50	ACF	43.00	42.00	ACH	13.50	13.00
ACC	46.00	45.00	ACE	14.00	13.50	ACI	44.00	43.00	ACL	14.50	14.00
ACC	47.00	46.00	ACE	15.00	14.50	ACJ	45.00	44.00	ACM	15.50	15.00
ACD	48.00	47.00	ACE	16.00	15.50	ACK	46.00	45.00	ACN	16.50	16.00
ACE	49.00	48.00	ACE	17.00	16.50	ACL	47.00	46.00	ACO	17.50	17.00
ACF	50.00	49.00	ACE	18.00	17.50	ACM	48.00	47.00	ACP	18.50	18.00
ACG	51.00	50.00	ACE	19.00	18.50	ACN	49.00	48.00	ACQ	19.50	19.00
ACH	52.00	51.00	ACE	20.00	19.50	ACO	50.00	49.00	ACR	20.50	20.00
ACI	53.00	52.00	ACE	21.00	20.50	ACP	51.00	50.00	ACS	21.50	21.00
ACJ	54.00	53.00	ACE	22.00	21.50	ACQ	52.00	51.00	ACT	22.50	22.00
ACK	55.00	54.00	ACE	23.00	22.50	ACS	53.00	52.00	ACU	23.50	23.00
ACL	56.00	55.00	ACE	24.00	23.50	ACU	54.00	53.00	ACV	24.50	24.00
ACM	57.00	56.00	ACE	25.00	24.50	ACV	55.00	54.00	ACW	25.50	25.00
ACN	58.00	57.00	ACE	26.00	25.50	ACW	56.00	55.00	ACX	26.50	26.00
ACO	59.00	58.00	ACE	27.00	26.50	ACX	57.00	56.00	ACY	27.50	27.00
ACP	60.00	59.00	ACE	28.00	27.50	ACY	58.00	57.00	ACZ	28.50	28.00
ACQ	61.00	60.00	ACE	29.00	28.50	ACZ	59.00	58.00	ACA	29.50	29.00
ACR	62.00	61.00	ACE	30.00	29.50	ACA	60.00	59.00	ACB	30.50	30.00
ACS	63.00	62.00	ACE	31.00	30.50	ACB	61.00	60.00	ACC	31.50	31.00
ACT	64.00	63.00	ACE	32.00	31.50	ACC	62.00	61.00	ACD	32.50	32.00
ACU	65.00	64.00	ACE	33.00	32.50	ACD	63.00	62.00	ACE	33.50	33.00
ACV	66.00	65.00	ACE	34.00	33.50	ACE	64.00	63.00	ACF	34.50	34.00
ACW	67.00	66.00	ACE	35.00	34.50	ACF	65.00	64.00	ACG	35.50	35.00
ACX	68.00	67.00	ACE	36.00	35.50	ACG	66.00	65.00	ACH	36.50	36.00
ACY	69.00	68.00	ACE	37.00	36.50	ACH	67.00	66.00	ACI	37.50	37.00
ACZ	70.00	69.00	ACE	38.00	37.50	ACI	68.00	67.00	ACJ	38.50	38.00
ACA	71.00	70.00	ACE	39.00	38.50	ACJ	69.00	68.00	ACK	39.50	39.00
ACB	72.00	71.00	ACE	40.00	39.50	ACK	70.00	69.00	ACL	40.50	40.00
ACC	73.00	72.00	ACE	41.00	40.50	ACL	71.00	70.00	ACM	41.50	41.00
ACD	74.00	73.00	ACE	42.00	41.50	ACM	72.00	71.00	ACN	42.50	42.00
ACE	75.00	74.00	ACE	43.00	42.50	ACN	73.00	72.00	ACO	43.50	43.00
ACF	76.00	75.00	ACE	44.00	43.50	ACO	74.00	73.00	ACP	44.50	44.00
ACG	77.00	76.00	ACE	45.00	44.50	ACP	75.00	74.00	ACQ	45.50	45.00
ACH	78.00	77.00	ACE	46.00	45.50	ACQ	76.00	75.00	ACR	46.50	46.00
ACI	79.00	78.00	ACE	47.00	46.50	ACR	77.00	76.00	ACS	47.50	47.00
ACJ	80.00	79.00	ACE	48.00	47.50	ACS	78.00	77.00	ACT	48.50	48.00
ACK	81.00	80.00	ACE	49.00	48.50	ACT	79.00	78.00	ACU	49.50	49.00
ACL	82.00	81.00	ACE	50.00	49.50	ACU	80.00	79.00	ACV	50.50	50.00
ACM	83.00	82.00	ACE	51.00	50.50	ACV	81.00	80.00	ACW	51.50	51.00
ACN	84.00	83.00	ACE	52.00	51.50	ACW	82.00	81.00	ACX	52.50	52.00
ACO	85.00	84.00	ACE	53.00	52.50	ACX	83.00	82.00	ACY	53.50	53.00
ACP	86.00	85.00	ACE	54.00	53.50	ACY	84.00	83.00	ACZ	54.50	54.00
ACQ	87.00	86.00	ACE	55.00	54.50	ACZ	85.00	84.00	ACA	55.50	55.00
ACR	88.00	87.00	ACE	56.00	55.50	ACA	86.00	85.00	ACB	56.50	56.00
ACS	89.00	88.00	ACE	57.00	56.50	ACB	87.00	86.00	ACC	57.50	57.00
ACT	90.00	89.00	ACE	58.00	57.50	ACC	88.00	87.00	ACD	58.50	58.00
ACU	91.00	90.00	ACE	59.00	58.50	ACD	89.00	88.00	ACE	59.50	59.00
ACV	92.00	91.00	ACE	60.00	59.50	ACE	90.00	89.00	ACF	60.50	60.00
ACW	93.00	92.00	ACE	61.00	60.50	ACF	91.00	90.00	ACG	61.50	61.00
ACX	94.00	93.00	ACE	62.00	61.50	ACG	92.00	91.00	ACH	62.50	62.00
ACY	95.00	94.00	ACE	63.00	62.50	ACH	93.00	92.00	ACI	63.50	63.00
ACZ	96.00	95.00	ACE	64.00	63.50	ACI	94.00	93.00	ACJ	64.50	64.00
ACA	97.00	96.00	ACE	65.00	64.50	ACJ	95.00	94.00	ACK	65.50	65.00
ACB	98.00	97.00	ACE	66.00	65.50	ACK	96.00	95.00	ACL	66.50	66.00
ACC	99.00	98.00	ACE	67.00	66.50	ACL	97.00	96.00	ACM	67.50	67.00
ACD	100.00	99.00	ACE	68.00	67.50	ACM	98.00	97.00	ACN	68.50	68.00
ACE	101.00	100.00	ACE	69.00	68.50	ACN	99.00	98.00	ACO	69.50	69.00
ACF	102.00	101.00	ACE	70.00	69.50	ACO	100.00	99.00	ACP	70.50	70.00
ACG	103.00	102.00	ACE	71.00	70.50	ACP	101.00	100.00	ACQ	71.50	71.00
ACH	104.00	103.00	ACE	72.00	71.50	ACQ	102.00	101.00	ACR	72.50	72.00
ACI	105.00	104.00	ACE	73.00	72.50	ACR	103.00	102.00	ACS	73.50	73.00
ACJ	106.00	105.00	ACE	74.00	73.50	ACS	104.00	103.00	ACT	74.50	74.00
ACK	107.00	106.00	ACE	75.00	74.50	ACT	105.00	104.00	ACU	75.50	75.00
ACL	108.00	107.00	ACE	76.00	75.50	ACU	106.00	105.00	ACV	76.50	76.00
ACM	109.00	108.00	ACE	77.00	76.50	ACV	107.00	106.00	ACW	77.50	77.00
ACN	110.00	109.00	ACE	78.00	77.50	ACW	108.00	107.00	ACX	78.50	78.00
ACO	111.00	110.00	ACE	79.00	78.50	ACX	109.00	108.00	ACY	79.50	79.00
ACP	112.00	111.00	ACE	80.00	79.50	ACY	110.00	109.00	ACZ	80.50	80.00
ACQ	113.00	112.00	ACE	81.00	80.50	ACZ	111.00	110.00	ACA	81.50	81.00
ACR	114.00	113.00	ACE	82.00	81.50	ACA	112.00	111.00	ACB	82.50	82.00
ACS	115.00	114.00	ACE	83.00	82.50	ACB	113.00	112.00	ACC	83.50	83.00
ACT	116.00	115.00	ACE	84.00	83.50	ACC	114.00	113.00	ACD	84.50	84.00
ACU	117.00	116.00	ACE	85.00	84.50	ACD	115.00	114.00	ACE	85.50	85.00
ACV	118.00	117.00	ACE	86.00	85.50	ACE	116.00	115.00	ACF	86.50	86.00
ACW	119.00	118.00	ACE	87.00	86.50	ACF	117.00	116.00	ACG	87.50	87.00
ACX	120.00	119.00	ACE	88.00	87.50	ACG	118.00	117.00	ACH	88.50	88.00
ACY	121.00	120.00	ACE	89.00	88.50	ACH	119.00	118.00	ACI	89.50	89.00
ACZ	122.00	121.00	ACE	90.00	89.50	ACI	120.00	119.00	ACJ	90.50	90.00
ACA	123.00	122.00	ACE	91.00	90.50	ACJ	121.00	120.00	ACK	91.50	91.00
ACB	124.00	123.00	ACE	92.00	91.50	ACK	122.00	121.00	ACL	92.50	92.00
ACC	125.00	124.00	ACE	93.00	92.50	ACL	123.00	122.00	ACM	93.50	93.00
ACD	126.00	125.00	ACE	94.00	93.50	ACM	124.00	123.00	ACN	94.50	94.00
ACE	127.00	126.00	ACE	95.00	94.50	ACN	125.00	124.00	ACO	95.50	95.00
ACF	128.00	127.00	ACE	96.00	95.50	ACO	126.00	125.00	ACP	96.50	96.00
ACG	129.00	128.00	ACE	97.00	96.50	ACP	127.00	126.00	ACQ	97.50	97.00
ACH	130.00	129.00	ACE	98.00	97.50	ACQ	128.00	127.00	ACR	98.50	98.00
ACI	131.00	130.00	ACE	99.00	98.50	ACR	129.00	128.00	ACS	99.50	99.00
ACJ	132.00	131.00	ACE	100.00	99.50	ACS	130.00	129.00	ACT	100.50	100.00
ACK	133.00	132.00	ACE	101.00	100.50	ACT	131.00	130.00	ACU	101.50	101.00
ACL	134.00	133.00	ACE	102.00	101.50	ACU	132.00	131.00	ACV	102.50	102.00
ACM	135.00	134.00	ACE	103.00	102.50	ACV	133.00	132.00	ACW	103.50	103.00
ACN	136.00	135.00	ACE	104.00	103.50	ACW	134.00	133.00	ACX	104.50	104.00
ACO	137.00	136.00	ACE	105.00	104.50	ACX	135.00	134.00	ACY	105.50	105.00
ACP	138.00	137.00	ACE	106.00	105.50	ACY	136.00	135.00	ACZ	106.50	106.00
ACQ	139.00	138.00									

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices March 2

Main table of American stock exchange closing prices, organized by sector (A through R) and listing various companies with their stock prices and volume.

Continued on Page 22

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York stock exchange closing prices, organized by sector (A through W) and listing various companies with their stock prices and volume.

Continued on Page 22

Notes and footnotes explaining the data, including symbols for stock types (e.g., a=dividend, b=annual rate) and other market-related information.

WORLD STOCK MARKETS

OVER-THE-COUNTER Nasdaq National Market closing prices

Table of Nasdaq National Market closing prices for various stocks, including columns for stock name, bid, ask, and change.

Closing prices March 2

Table of closing prices for various international markets including Canada, Norway, Hong Kong, Australia, Japan, Italy, Netherlands, France, Austria, Belgium/Luxembourg, Germany, Singapore, and Switzerland.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Table of American Stock Exchange closing prices for various stocks, including columns for stock name, bid, ask, and change.

NEW YORK CLOSING PRICES

Table of New York closing prices for various stocks, including columns for stock name, bid, ask, and change.

ENERGY REVIEW every Wednesday in the Financial Times

Vertical text on the right edge of the page, including 'INTERNATIONAL GUIDE THE ARTS' and 'NOTICES'.

Handwritten signature 'John Smith' at the bottom center of the page.

WORLD STOCK MARKETS

Table with multiple columns for stock indices: NEW YORK (DOW JONES), LONDON (FTSE 100), PARIS (CAC 40), etc. Includes 'Indices' and 'STANDARD AND POORS' sections.



INTERIM REPORT FOR THE SIX MONTHS TO 31 DECEMBER 1983

CHECKERS STORES LTD

Financial statement table for Checkers Stores Ltd showing sales, operating profit, and earnings for 1983 and 1982.

Notes: 1 Sales include the turnovers of associated companies trading as Checkers. 2 Interest paid for the 6 months ended December 1982 has been reduced by R501,000 to comply with the accounting policy adopted at June 1983...

PROFORMA SUMMARISED INCOME STATEMENT OF THE RECONSTRUCTED KIRSH TRADING GROUP LIMITED

Table showing proforma summarised income statement with columns for sales, profit, and dividends.

NOTICE IS HEREBY GIVEN THAT an interim dividend of ten cents per share has been declared by the Board of Directors payable on 23 March, 1984 to Ordinary Shareholders registered in the books of the Company at the close of business on 9 March 1984.

DECLARATION OF INTERIM ORDINARY DIVIDEND NO.83. NOTICE IS HEREBY GIVEN THAT an interim dividend of ten cents per share has been declared by the Board of Directors payable on 23 March, 1984 to Ordinary Shareholders registered in the books of the Company at the close of business on 9 March 1984.

Registered Office: 220 Commissioner Street, Johannesburg. South African Transfer Secretaries: Central Registrars Limited, 154 Market Street, Johannesburg 2001.

ROYAL Direction et Réservations Luxembourg 2449 Tel: 416 16. Opening Spring 1984. A \*\*\*\*\* Hotel, close to the commercial and historic districts, a few minutes from the European Communities.

INTERNATIONAL GUIDE TO THE ARTS every Friday in the Financial Times. Includes a list of art events and exhibitions.

OVER-THE-COUNTER Nasdaq National Market

Table listing over-the-counter stocks with columns for stock name, sales, high, low, last, and change.

PUBLIC NOTICES

SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY. NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Society will be held in the City of Edinburgh on Thursday, 22nd March 1984 at 2.30 p.m.

COMPANY NOTICES

INTERNATIONAL ISSUE PROCAN SOCIETE D'HYPOTHEQUE D'UNION CAN 35 MILLION 17.5% DUE 15 DECEMBER 1986 CHANGE OF CORPORATE NAME.

CONTRACTS & TENDERS

AIR-INDIA NOTICE INVITING GLOBAL TENDERS. Controller of Stores & Purchases, Air-India, Santacruz, Bombay 400 029 India, invites sealed item-rate tenders from manufacturers having sufficient experience for the following on a turnkey project basis.

COMPANY NOTICES

NOTICE TO HOLDERS OF MORAN ENERGY INTERNATIONAL N.V. 8% CONVERTIBLE SUBORDINATED DEBENTURES DUE 1995. Moran Energy Inc. is Guarantor of the 8% Convertible Subordinated Debentures Due 1995 of Moran Energy International N.V.

AUCTION SETENAVE-ESTALEIROS NAVAIS DE SETUBAL, E.P.

announces the auction for sale of its Newbuilding 5106 (steam turbine tanker), completed in its yard in August 1983, under the following conditions: 1. MAIN CHARACTERISTICS OF NEWBUILDING 5106. Single-screw steam turbine tanker. Length between perpendiculars 333.88 m.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trst, British Sp of Unit Trsts Ltd, and others, including their names, managers, and contact information.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trusts with columns for Name, Manager, and other details. Includes entries like Green Unit Trust Services Ltd, Grevitt (Unit) Unit Trust, and many others.

Table listing insurance companies and their details, including names, addresses, and contact numbers.

INSURANCES

Table listing various insurance policies and services, including AA Friendly Society, British Overseas Life, and others.

Insurances - continued

Table listing insurance companies and their details, including names, addresses, and contact numbers.

Offshore & Overseas - continued

Table listing offshore and overseas financial services, including names, addresses, and contact numbers.

Money Market Bank Accounts

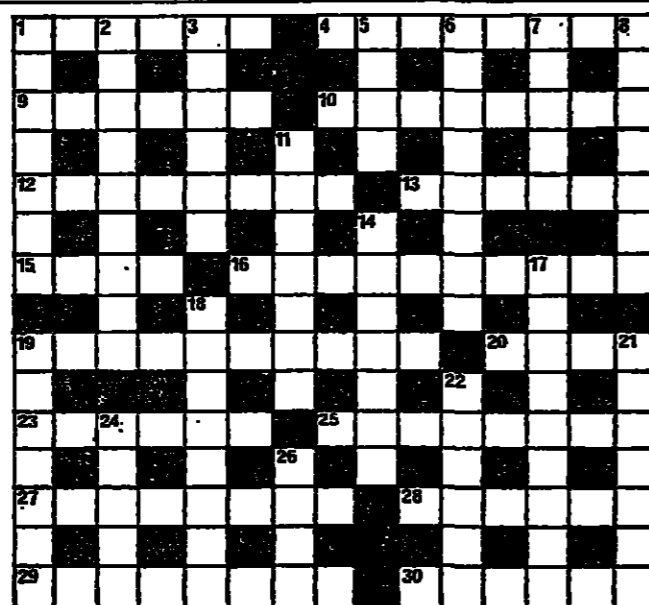
Table listing money market bank accounts, including names, addresses, and contact numbers.

Money Market Trust Funds

Table listing money market trust funds, including names, addresses, and contact numbers.

F.T. CROSSWORD PUZZLE No. 5358

- ACROSS
1 Sporting 'matter'? (6)
4 A 1 across 15 (8)
...
DOWN
1 Stands firm, is up in breaks (7)
...
The solution to last Saturday's prize puzzle will be published with names of winners next Saturday



7 It's late in dance round beginning in century showing ostentation (5)
8 Lovers of cruelty sit around in sorrowful society (7)
11 Vessel in a drink is secret (7)
14 Desert a musical group performing (7)
17 A 1 across 15 (3, 6)
18 Here's a word for cutting out (8)
19 In children's works it's often this ever after (7)

21 Refuse to give the number of years you've had the dress (7)
22 Address not given in writing (6)
24 A 1 across 15 (5)
26 A British member of 1 across 15? (4)
The solution to last Saturday's prize puzzle will be published with names of winners next Saturday

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INSURANCE & OVERSEAS MANAGED FUNDS

Table of insurance and managed funds, including columns for company name, fund name, and numerical values.

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Table of insurance and managed funds, including columns for company name, fund name, and numerical values.

Table of insurance and managed funds, including columns for company name, fund name, and numerical values.

OFFSHORE AND OVERSEAS

Table of offshore and overseas managed funds, including columns for company name, fund name, and numerical values.

Notes and disclaimers regarding the fund data, including information about prices and yields.

Vertical text on the left margin, including 'Money Market Trust Funds' and 'Money Market Bank Accounts'.



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March 5 1984

S-Continued

Financial Times Monday March 5 1984

INDUSTRIALS—Continued

Table of industrial stock prices including companies like ICI, BP, and Shell.

LEISURE—Continued

Table of leisure stock prices including companies like British Airways and British Telecom.

PROPERTY—Continued

Table of property investment trusts including companies like British Land and City of London.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like F&C Investment and F&C Property.

OIL AND GAS—Continued

Table of oil and gas stock prices including companies like BP and Shell.

IDC Design, Construct & Engineer. In business to build success. Stratford-upon-Avon 0789 204288

MINES—continued

Table of mining stock prices including companies like Anglo American and De Beers.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stock prices.

Commercial Vehicles

Table of commercial vehicle stock prices.

Components

Table of component stock prices.

Garages and Distributors

Table of garage and distributor stock prices.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stock prices.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stock prices.

INSURANCE

Table of insurance stock prices.

LEISURE

Table of leisure stock prices.

SHIPPING

Table of shipping stock prices.

SHOES AND LEATHER

Table of shoes and leather stock prices.

SOUTH AFRICA

Table of South African stock prices.

TEXTILES

Table of textile stock prices.

TOBACCO

Table of tobacco stock prices.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stock prices.

PROPERTY

Table of property stock prices.

FINANCE, Land, etc.

Table of finance, land, and other stock prices.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stock prices.

PROPERTY

Table of property stock prices.

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Table of property stock prices.

PROPERTY

Table of property stock prices.

OVERSEAS TRADERS

Table of overseas traders stock prices.

PLANTATIONS

Table of plantation stock prices.

PLANTATIONS

Table of plantation stock prices.

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PLANTATIONS

Table of plantation stock prices.

NOTES

Notes regarding stock prices and market conditions.

NOTES

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NOTES

Notes regarding stock prices and market conditions.

REGIONAL AND IRISH STOCKS

Table of regional and Irish stock prices.

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Table of regional and Irish stock prices.

REGIONAL AND IRISH STOCKS

Table of regional and Irish stock prices.



FINANCIAL TIMES SURVEY

International Construction

Contractors throughout Europe are reporting a shortage of orders, as financing problems affect both developed and developing countries. Competition is becoming fiercer, too, with newcomers from Japan, Korea, Turkey and elsewhere entering the fray

Bumping along the bottom

By JOAN GRAY, Construction Correspondent

RECOVERY? What recovery? It is the unanimous answer from heads of British construction companies questioned about how they see their international market prospects.

They just think things have got to get better because they can't get any worse," he said. The gloomy view from Britain is echoed by contractors from the rest of Europe.

Italian construction companies, ANICE. According to ANICE's figures, the Italian contractors were faring far worse than competitors such as the French, who experienced a 20-25 per cent decline in overseas workload.

The Korean Hyundai, for example, is now ranked at number 10, having moved up from 13th place the year before. Japan's JGC is now at 13 from 50 the year before, and the Japanese Chiyoda is at 25 from number 45.

British companies was sponsored to visit Japanese contractors and trading houses to see if there were any possibilities for co-operation between them.

Take Mr John Arnitt, assistant managing director of John Laing International, for example. "No-one in the construction industry in this country would say there is any sign of improvement," he says.

Philipp Holzmann, the German giant which has this year slipped from its ranking as one of the top five international contractors, has found that its new international business in 1983 was about half the DM 3.2bn it achieved in 1982.

"There is a desperately competitive situation in world markets because of over-capacity in the construction industry," said Mr Robin Foster, secretary of the UK international contractors' trade association, the Construction Industry Export Group.

Another approach is, if you can't beat them, join them. "We compete with the Japanese and have joint ventures with them," says Balfour Beatty's Mr Holland, who instances co-operation on power line construction with Sumitomo.

But with so many markets contracting, those that do look promising begin to exhibit a "honeypot effect" as they become the focus of attention for companies throughout the world.

Mr Fred Tarrant, managing director of Costain International, says: "I am doubtful whether there will be any early improvement. People say 1985 is going to be better, but I query on what basis—unless organisation which represents

the Italian contractors are faring similarly badly. The year 1983 showed a 60 per cent decrease in new contracts won by Italian contractors overseas, and the situation was no better in 1983, said Srá Lia Zuccia, chief foreign officer of the organisation which represents

Japan, Taiwan, Korea, Turkey, Poland, Yugoslavia, China, Pakistan and Greece have all built up efficient, aggressive and financially innovative construction companies competing for the shrunken international market.

This shifting pattern of competition is echoed in the ranking of the top international contractors (see Table).

TOP 30 COMPANIES 1982

Table with columns: COMPANY AND COUNTRY, CONTRACTS (\$m) Foreign/Total, CONSTRUCTION SPECIALITY (Bldg, Highways, etc.), and Con. strength. Lists top 30 companies like The CT Main Corp., Kellogg Rmt., Fluor Corp., etc.

Workload down

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UK consultants Rendell Palmer and Tritton are now following opportunities arising from a recent Government initiative, where a group of

Export Group's Mr Foster. "Be-

cause of the time taken to win contracts, today's figures reflect orders won years ago, so over the next few years the full effects of the recession will make themselves felt in even further reductions in workload."

Many European contractors are unhappy, too, at what they see as a lack of government support.

Mr Tom Candlish of Wimpey, President of the UK Construction Industry Export Group, said the industry was now lobbying the government to ensure that the level of aid compares with that advanced to European competitors. It is also arguing that overseas aid should be geared to getting money back for British industry.

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We are earning a reputation for hospital construction in the Middle East. The Oman Ministry of Health has awarded us a £147 million contract for the complete construction and equipping of the 500 bed Royal hospital at Ghubra. A turnkey project to be completed mid-1987 and built on a previously undeveloped site in Saudi Arabia our associated company is constructing 3 general hospitals at Al Jabail, Al Bukayriyah and Al Midhuab. A total of 350 beds. At a cost of £85 million.

In the People's Republic of Benin in French speaking West Africa, the Savé Irrigation project was successfully completed and handed over, two months ahead of schedule. The £12.6-million contract for road and irrigation works for a sugar complex included 47 kilometres of estate roads, 580 culverts, 120 drop ditch structures, associated storm trenches, 34 staff houses and 134 kilometres of irrigation pipelines. The contract was financed by British Loans, backed by an ECGD line of credit. The scrubland is now producing sugar where only five years ago it was a UNESCO designated famine area.

We undertook the second phase of construction of the headquarters of Townsend-Thoresen Car Ferries at Dover. (In Phase one we laid the foundations and built a two-level car park). Phase two required the erection of a four-storey steel framed office building with metal floor decking to upper floors and roof and double-glazed curtain walling. It included an ancillary kitchen/restaurant and a printing works at ground level plus external works and landscaping. The £8 million contract was completed on time, within budget, as usual.

In Gabon, the Trans-Gabon Railway project now enters its second phase of 311 kilometres. We are working on this as members of a European Consortium. Base and infrastructure operations have been established in Ivory Coast and Togo.

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Wimpey has been busy building banks. In Riyadh the headquarters of the Saudi British Bank is now complete. Seven storeys constructed in reinforced concrete with external marble facings, the four upper floors are suspended from a space frame supported on four corner towers. The branch bank at Jeddah is also now complete. Construction is in progress for the headquarters of the Hongkong and Shanghai Banking Corporation. It stands 41 storeys high. And, like all good banks, will open on time.

The growing municipal and industrial water demands of Lagos and Abeokuta will be met by a new reservoir created in the Nigerian scrubland. Work is now completed on the £60 million Oyan River Dam and Power Station in Southern Nigeria. The 9MW Power Station will supply electricity to homes and factories in the area. Elsewhere Wimpey dams are providing much needed water and power. At Maseru in Lesotho the Magalika Dam, a £2.7 million project augments the water supply to the capital. And in Newfoundland we are participating in a joint £36 million venture to build the Cat Arm Dam hydro project, including a power house, the main dam, power installations and a number of smaller rock fill dams.

The building of houses has been at the core of our activities for over 50 years and continues to grow internationally. In Trinidad, where we have just completed a £7 million housing contract at Arouca, George Wimpey (Caribbean) has won a further £7 million contract to construct a block of 48 luxury flats in Port of Spain. To be completed by November 1984. Wimpey Alawi, our company in the Sultanate of Oman has completed a £11.6m contract for a housing complex for the Oman Cement Company.

Wimpey Canada completed contracts for a coal crushing and cleaning plant in British Columbia, and work at a uranium mine in Saskatchewan; and a major new effluent treatment project at Grande Prairie in Alberta; and office projects at Calgary and Edmonton.

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Advertisement for Wimpey International featuring various project descriptions and the company logo. Includes text like 'The growing municipal and industrial water demands of Lagos and Abeokuta will be met by a new reservoir...' and 'Wimpey Canada completed contracts for a coal crushing and cleaning plant...'.



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INTERNATIONAL CONSTRUCTION II

The competition intensifies

overseas enterprise. W. S. Atkins have spent six months doing in getting claims met, and are also unhappy that the ECGD takes into account fees paid by the host country in its local currency...

Consultants in the UK

Instead, the client's attitude has changed towards treating the consultant more like a contractor, and demanding competitive bids. Even with shortfalls this is an expensive process, and care must be taken to recycle the work invested in abortive bids.

BRITAIN'S construction consultants working overseas had their best year ever in 1982-1983. The combined earnings of engineers, architects and quantity surveyors totalled almost \$610m, a contribution to the economy which, says Mr Alan Parish, chief executive of W. S. Atkins, exceeds that made by UK banks.

The changes afoot are all related to each other. The world's oil-based economies, which kept British consultants busy for the past decade, are beginning to feel the pinch.

Another danger of the increasingly competitive atmosphere, says Mr Parish, is that better consultants can be driven out by under-bidding. However, it is still widely acknowledged that UK consultants have the edge in terms of impartiality of advice, including the choice of contractors.

Lending climate uncertain

WHAT WE now face is a buyers' market and probably the major factor in awarding contracts is the financing package which the borrower or consortium companies or consortia bidding for a project can come up with.

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Project finance

TERRY POVEY

more cash on the basis of the same land and earnings forecasts. As the need for additional funds is now assumed to be automatic, so the financing schemes have had to change.

This has produced the hybrid package—a mix of funding drawn partly on a value plus earnings basis (and this preferably tied to firm commitments from end-users), plus other kinds of finance.

The old form of "pure project financing" is therefore under great pressure from two directions—from both lenders and end-users. What the lenders wish to see are fairly solid shareholders who can provide additional funds should they, as is almost always the case, be necessary.

In the case of contracts where the government is the customer—for example, in Thailand and Indonesia, and also in many of the Middle East states—some kind of government involvement is crucial; ideally, as far as any debts are concerned, or an agreement to pick up the product come what may in the market place.

With the lending climate of the last few years being fairly uncertain—and, as one observer says, "one has to remember that lenders are essentially simple animals at heart and the going sentiment is to lend only to good risks and not at all to uncertain ones"—being able to provide solid backing, both governmental and from other shareholders is highly rated.

One organisation which is playing a very important role in providing project work is the IFC. The

World Bank is not itself directly involved in projects. Widely held to have the most effective body of knowledge and experience in the world, the IFC's blessing performs much the same function for a project in the eyes of lenders as does the IMF for sovereign borrowers.

Normally, the IFC acts on behalf of the project—that is, the customer—and, for example, in the Blue Circle cement deal in Indonesia they clearly see themselves as working to make sure the project is a success. They also try to make sure that all the investors get a fair return although they would not necessarily put a leading bank high up on their list of priorities.

Other international agencies also involve themselves in project finance—for example, European Investment Bank, Asia Development Bank—but their role is circumscribed by a need to protect their own ratings as borrowers. The collapse of the Latin American organisation equivalent to these and the problems of Singapore's Private Investment Corporation (Picca) serve also as a warning to the less well funded of these groupings.

As far as the various expert credit agencies are concerned, the problem is often that they have no special knowledge that enables them to make assessments of projects—unlike the IFC. For example, the UK's ECGD has "no one who can evaluate projects," commented one banker.

The best way to get project related funds out of the ECGD has been found to be to first get the backing of the Commonwealth Development Corporation or the IFC and then get ECGD involved purely on an export financing basis. Such funding can be important as second-tier security.

On the technical side of the financing arrangements, a major development has been in both leasing and in leveraged leasing. Under a leasing scheme—which has the advantage of being off balance sheets—the user rents his requirements.

The leveraged schemes are those leasing arrangements done with an eye to tax advantages. Often financing is put through a third country where the tax benefits are greatest.

Of the last 15 projects involving investments of more than \$50m, all have been done on a leveraged basis. Leasing is also used to gain access to yen funds—in Japan the leasing companies are outside the strict control of the Ministry of Finance—so foreign companies would rather lease from this sector in Japan than attempt to borrow from a Japanese bank.

With order books in the Middle East now looking decidedly thinner and the war between Iran and Iraq forcing Iraq to postpone plans and to seek extended credit terms, lenders are now all the more keen on the degree of inventiveness shown by the contractor.

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- Algeria: Three textile plants at Tébessa, Aïnd Beïda and La Maskaïna; Eight cereal silo storages (in I.v.).
- Ethiopia: Legadadi Project including concrete dam, rockfill dam, intakes, treatment plant, 22 km watermain, water reservoir; Yemassali Tarara residential compound of six four-storey buildings; Several buildings (Kennedy Memorial Library, mineral water bottling plant, etc.).
- Gabon: Owendo timber port at Libreville; Law Courts Building at Francville; Kelle Lekoni Road; Railway station, railwaymen village and school canteen in Francville; Transgabonaise Railway (in association with other companies); Watermain and reservoir at Moussina and M'Vangé.
- Ghana: Concrete and earth dam at Welja; Acaia Water Supply Project.
- Libya: Airport at Sirir for Civil Aviation Department (in I.v.); Residential compound at El Beïda consisting of 18 five-storey buildings; Benghazi sewerage network: 50 km of asbestos cement pipes up to 1,200 mm diam.; Logistical base at Jalo for AGIP Oil Fields Department.
- Morocco: Water treatment plant at Sou - Regreg - Rabat.
- Sierra Leone: Design and construction of the Bombana Hydroelectric Project. List of highly specialised works carried out or under construction in Italy:
- New Headquarters of the Post and Telecommunications Ministry in Rome, E.U.R.;
- Restoring and reinforcement works of historical buildings in the centre of Rome;
- Accenza Dam in Basilicata;
- Genzano Dam in Basilicata;
- Industrial development area at Latina, Rome;
- Infrastructures and polluted water treatment plant in Mazzocchio;
- Catering and facilities for Fiumicino International Airport.
- Treatment plant and collector network in the Salerno area for pollution control in the Gulf of Naples (in I.v.);
- Orla (Rome) General Hospital;
- Various buildings for dwelling, schools and hospitals.

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INTERNATIONAL CONSTRUCTION IV

Computers cutting time and costs

If Cementation International had not won the now controversial £300m Oman University contract, there is no doubt in the mind of Barry Myers, the managing director, that the work would have gone to a non-UK contractor. That would have been unfair, he adds, because Cementation is delivering a fast-track, four-year programme which he believes no one else could match.

The Sultan Qaboos project involves the construction of a university for 3,000 students, complete with all the auxiliary buildings and residences, on a desert site. Time is an important factor, and Cementation is cutting time in two different ways.

One is related to how the contract is managed. The contractor is fully in charge, directly employing the architects and specialist consultants. The drawings are computerised, both the architectural working drawings and the electrical and mechanical diagrams—a growing trend among many consultants as well. Another important management aid is stock computerisation, vital with over 12,000 items in store.

The second time-saving approach on the Oman contract is the casting of complete room units in tunnel forms or table forms, which allows for a 26-hour turnover of units for either low- or high-rise construction. The method is not new, but the techniques have been refined and the steel shuttering allows for in-situ casting of arches as well as the more ordinary square shapes.

Another refinement of existing technology allows for the casting of larger units and beams which saves time and gives more design flexibility.

On the other hand, the use of solar energy, which may have been thought a natural in such a warm and sunny climate, has been rejected as not being cost-effective.

The combination of improved, time-saving construction methods and the use of computers in design and draughting is gradually changing attitudes in what remains a very conventional and traditional industry. There are certainly two technological revolutions going on, but there is, for example, a growing realisation of the potential for speed in using composite profiled steel decks and composite beams.

The speed of construction of a steel-framed building is governed by the number of cranes that can operate simultaneously and the number of components to be lifted and placed.

If the floor is a precast concrete slab, the crane is required to place the slabs which are too heavy to be manhandled; in addition, a reinforced concrete slab has to be laid on top of the slabs to get a level floor.

In contrast, a profiled steel deck can be lifted as a bundle, laid upon the beams—and then manhandled into position, freeing the crane for other work. A survey of construction times carried out by the constructional steel association CONSTRADO has found time sav-

Technology

MIRA BAR-HILLEL

One example of this, albeit on a small scale and mainly for the UK market, is the lightweight, steel-framed, highly insulated Yorkton building. This is a permanent structure, made by a subsidiary of Fortakabin, and offering very competitive building costs compared with traditional construction.

The savings are most pronounced in the case of computer suites, of which Yorkton have already supplied over 18. Their cost per square metre is quoted at between £280 and £350, depending on specification, whereas traditional tender prices are in the £700-£840 range. Yorkton say it is cheaper to buy one of their suites than



Staff housing completed showing blocked-in tunnel forms at the £300m Sultan Qaboos University, Oman. The project was carried out by Cementation International.

convert an existing building for computer use.

Many of Britain's top contractors have substantial investments in research and development. Wimpey have built up their laboratory at Hayes into a £50m business, and several of its specialist activities have already been 'pushed out of the nursery' to stand up as commercial operations. For example, Wimpol is now a market leader in hydrographic surveying and navigation.

The hull of the world's first tension leg offshore platform is being completed by Highland Fabricators, jointly owned by Wimpey. It is expected to be the forerunner of many deep-water applications. The company also leads the world in designing and making connections in offshore structures with cement grout, aided by tiny nuclear sensors to detect when the liquid grout has reached its underwater destination.

The company is among the many who are using more and more computer technology. It has even built 150 micros in its own design and specification—and sold several of them to BP. On the energy saving side, Wimpey have developed equip-

ment which can lock into a wall cavity without damaging it. Its infra-red thermography technique can locate zones of high heat loss from a building so that they can be corrected.

Consulting engineers W. S. Atkins have 25 years' experience of computers, 18 of them in-house. They are well aware of the rapid developments in the use of computers, which for most of the early years were restricted to conventional accounting and calculating applications. Not any more.

Atkins are not alone in believing firmly that in five years' time any computer-aided design (CAD) systems—one in two dimensions, the other in three. On a recent project for a large oil refinery in Kuwait, out of some 1,200 drawings required, no fewer than 700 were done completely by computer. The time saved was substantial.

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EEC producers struggling with over-capacity

IT IS tempting to draw parallels between the cement and steel industries in the European Community. The product is basic and the industry is energy intensive. Like steel, the cement industry is struggling to rid itself of over-capacity.

Like steel, EEC cement producers are also facing an insidious attack on prices by relatively small volumes of imports from 'third countries'. Also like steel, demand for cement seems to be in terminal decline, or at least stagnating.

The similarities end there, however. One of the most forceful recent illustrations of this came in February when Lafarge Coppée, the biggest cement producer in France, and one of the biggest in the world, failed even to mention the state of its domestic market when it announced consolidated 1983 profits of \$26m to \$28.5m, up 220 per cent on 1982.

Like many leading European cement producers, Lafarge is

now making its money in the U.S., having bought its plant from struggling U.S. cement makers in the late 70s. The steel producers, on the other hand, have nowhere else to go.

Unlike steel, the cement industry has found the means to its survival in the saturated Community markets not simply through closing old plant but by building even bigger works as improvements in manufacturing methods and transport have made nonsense of building a string of small plants as close as possible to particular markets. Lafarge is unlikely to lose much weight in the market by carrying out planned closures of five of its 19 French plants.

Even so, the 12.04 per cent fall in estimated EEC cement consumption between 1980 and the end of last year must worry producers. Belgium has suffered the worst decline of the EEC. Ten, with consumption falling nearly 25 per cent to 4.2m tonnes of cement last year. The Netherlands cement market has also dipped sharply, by 22 per cent to 4.6m tonnes.

French consumption has fallen 15.6 per cent from 28m tonnes in 1980 while the West German market is nearly 17 per cent smaller than the 32.5m tonnes recorded at the beginning of the decade.

Falls of 6 per cent (to 13m tonnes last year) in Britain and 7 per cent (to around 6m tonnes) in Greece look positively encouraging by comparison. But the British market is jealously guarded by the three main producers, Blue Circle, Rugby Portland and FRZ. Cement imports have long taken, less than 1 per cent of the market, compared with about 5 per cent in West Germany and between 2 and 3 per cent in France.

The Italian cement market, the biggest in the Community, has proved to be altogether different. Between 1973 and 1982, Italy was the only European country to record a rise in per capita cement use, which moved from 64 kg to 729 kg per person—nearly double the French and West German figures. Between 1980 and 1982, total consumption has fallen only 1.5 per cent to 43.5m tonnes and was actually rising until the end of 1981.

The Italian producers, led by Italcementi, with some 26 per cent of the market and Unicem, with 18 per cent, give over just 0.4 per cent of their market to imports and they argue that only high port charges and difficulties in transporting bulk cement to the ports, may prevented them from exporting more aggressively.

Exports reached a peak 1.7m tonnes in 1979 but quickly slumped to 625,000 tonnes in 1982—some 1.5 per cent of total Italian output.

The adaptation to broadly lower demand throughout the Community has not come cheap. While building modern, efficient plant and scrapping obsolete and excess capacity may be the most obvious first step in deal-

ing with recession, the difficulty has been to keep the market stable at the same time.

All Ten producing countries in the EEC have been able to raise prices since 1980, but it is becoming evident that real success has been at best patchy.

The cement makers themselves are reluctant about making prices public, but industrial research shows that the average per tonne price of bulk cement, ex works, in the UK was around \$40.20 at the end of last year, up 24 per cent from 1980. French prices have risen only 10 per cent to around \$26.50. In Germany prices had moved nearly 31 per cent to \$28 a tonne and in Italy by 32 per cent to \$26 a tonne.

Those list prices disguise two important facts—costs have grown to such an extent that some prices being achieved (as opposed to being listed) might now be lower in real terms than in 1980 and in order to meet the challenge from third country imports substantial discounts are being offered to customers throughout all but the most inaccessible EEC markets.

West German prices, for instance, rose nearly 6 per cent in January 1983, but there is now a real danger, industry observers believe, that West German producers may have to retreat as to competition with cheap imports from East Germany and Poland. The politics of détente between the two Germanies appear to have opened the way for East German cement to take an ever-increasing share of the West German market even though that market is shrinking.

There are already signs of this happening in Northern Ireland. White Mountain Quarries, a Belfast-based, semi-privatised concrete contractor, has been importing surplus West German cement into the province which was until a year ago, considered the preserve of Blue Circle. White Mountain took about 25 per cent of that market in the first year, forcing Blue Circle into making a series of price cuts and threatening the future of at least one Blue Circle plant in the province.

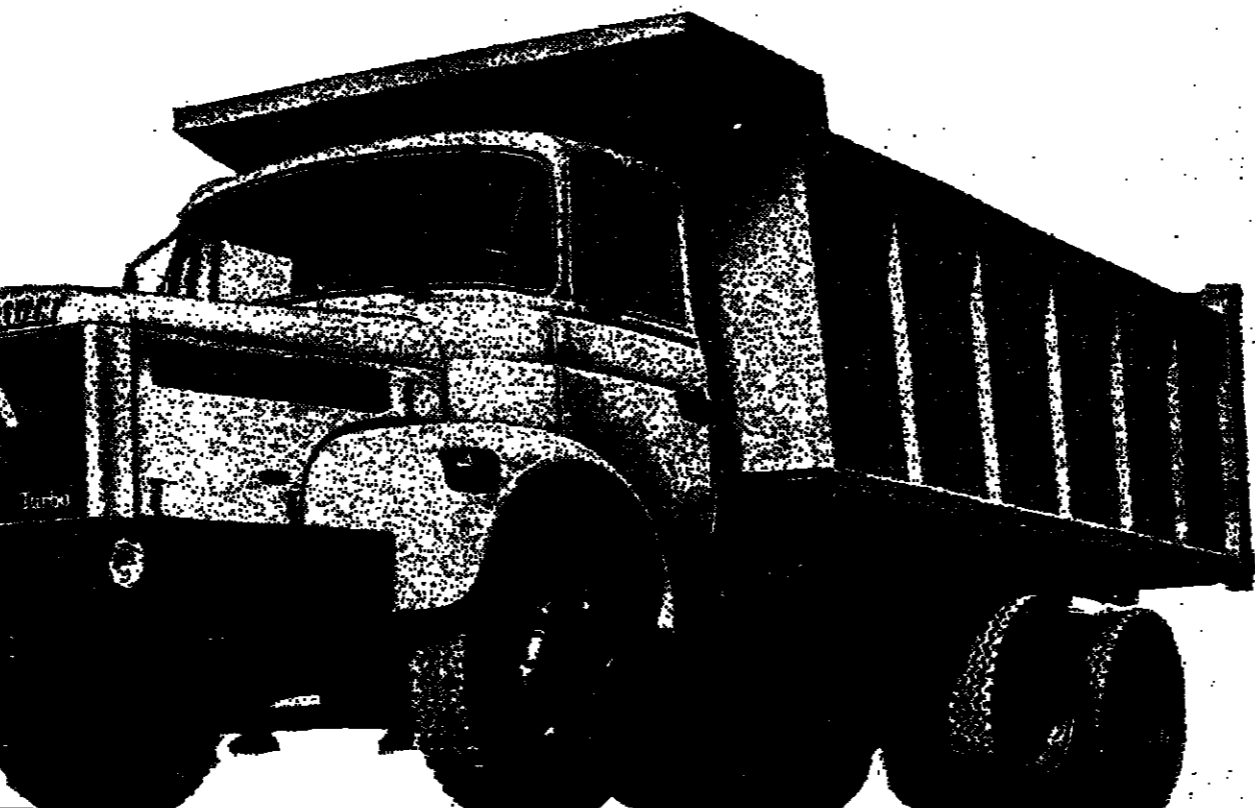
White Mountain is now threatening to begin importing the same cement right into the heart of Blue Circle's UK domain—London—and fear of that move was almost certainly behind the big three UK producers' decision not to raise prices last December.

Whether the EEC producers can hold the ring against imports and against the danger of turning on each other, remains to be seen.

Converted from local currencies at relevant 1980 and 1983 rates. See also West European Cement in Industrial Minerals, November 1983 edition.

"RENAULT TRUCKS WHEREVER THE WORLD BUILDS"

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INTERNATIONAL CONSTRUCTION V

Reviews of prospects in the main markets are given on this and the following page

NORTH AMERICA

Homebuilding lifts sector

THE U.S. construction industry, a key segment of the national economy, has extended its recovery from the post-1979 recession, having opened the year strongly, with every prospect of improving on the record performance achieved in 1983.

By contrast, non-residential building starts—offices and the like—rose by only 4 per cent to \$31.5bn, while non-building construction slumped, representing the much-needed extension and rebuilding of the battered roads and bridges of the major cities, put on only 1 per cent over the year to total \$37.7m.

The urge to cut back on public spending associated with the Reagan Administration has tended to focus on welfare spending rather than on investment in city infrastructures.

Aided by boom

Economic developments swung in favour of the northeastern states in 1983, at least far as the construction industry was concerned.

The recovery in non-residential building is still open to conjecture. Contracts for this sector fell by 8 per cent last month, with a sharp drop in office building.

LATIN AMERICA

Recession hits state schemes

Part of the reason for the severity of the crisis last year was the completion of several big projects such as the Itaipu and Tucuru hydro schemes and the Fubarao steel mill, without a corresponding start being made on new projects.

Mexican decline

In Mexico, the construction industry has gone from boom to bust in just 18 months. The sharp decline in the industry's fortunes which began in the middle of 1982 went into overdrive following Mexico's financial collapse later that year.

a 4.5 per cent fall in the economy's overall gdp. In constant Bolívares, the value of construction work last year was Bolívares 3.9bn, off 9 per cent from the previous year.

Philip Marvin Editor, Latin American Markets

World markets brighten

IN SHARP CONTRAST with the experience of European companies, American companies seem to be faring better in world markets.

Their domestic workload is picking up, and they are also cheerful about their overseas prospects.

Fluor won contracts worth more than \$1bn in the first quarter of fiscal 1984, compared to \$1.2bn for the whole of fiscal 1983.

Contract value in the Midwest showed a 10 per cent gain last year, but this must be measured against the 32 per cent gain for the north-eastern states and the 23 per cent jump in the national average.

Terry Byland

AFRICA

Large-scale projects are scarce

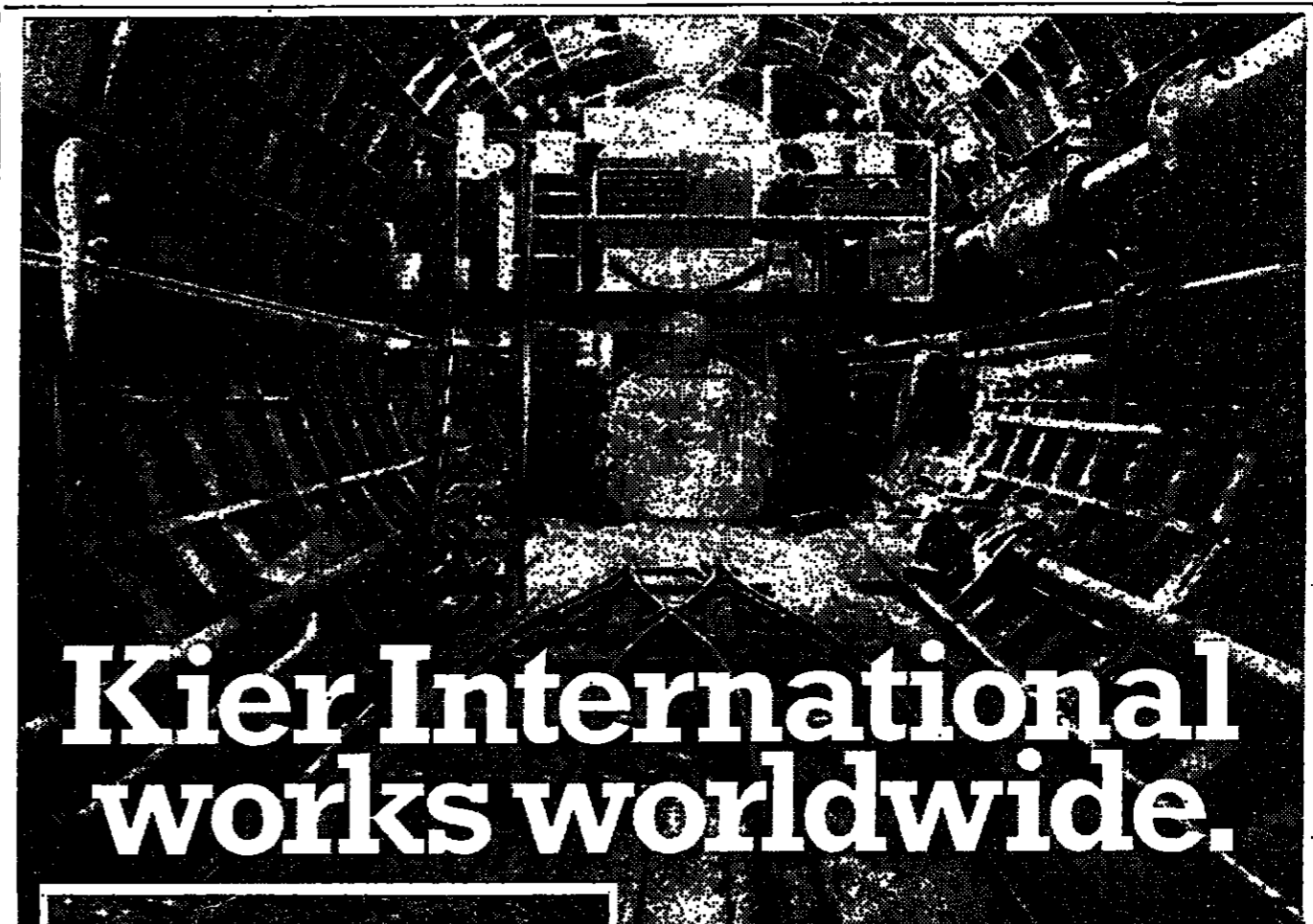
WHILE the Middle East and South-East Asia continue to see high levels of construction activity, Africa (particularly Black Africa) has to struggle to maintain existing levels of work.

The global recession is precipitating a decline in economic growth in relation to the rest of the world and also in absolute terms. Export earnings are down as a way of cutting costs and becoming more competitive, and the competitive edge may well go to companies willing to enter into multi-national joint ventures which carry donor government support.

Closer look

Increasingly, the Japanese are taking a closer look at Africa. Japan still classifies itself as a "developing country" for construction exports.

The Japanese are taking a closer look at Africa. Japan still classifies itself as a "developing country" for construction exports.



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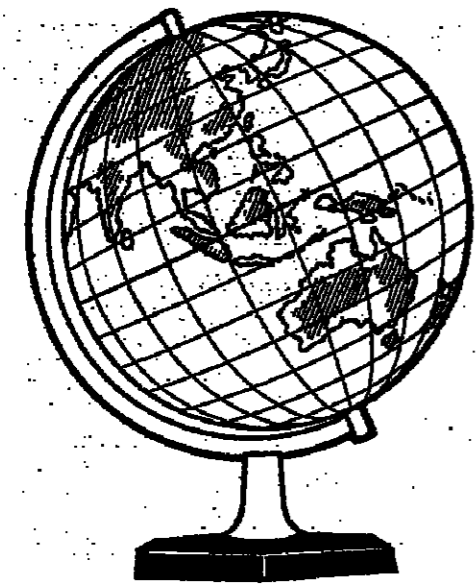


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# INTERNATIONAL CONSTRUCTION VI

## EUROPE

### Barriers remain

ALTHOUGH THE aims of the European Community include the creation of a "common market" for all sectors of industry, the special nature of construction does not lend itself easily to this, according to Mr Derek Gaultier, director general of the Federation of Civil Engineering Contractors.

There are two substantive reasons for this. Each of the member states has a construction industry and construction professionals which are long-established, competent and highly competitive. In addition, each country has different contractual practices, construction codes and building rules and regulations—and even similar language barriers do exist.

The constraints, naturally, work both ways: one does not see many French or German contractors in UK sites either. This is perhaps the reason why the present situation is accepted rather than being expressed more by the European Commission than by the supposed "victims" of the failure to pool construction resources Europe-wide.

Viscount Davignon is unhappy that the Community-wide advertising of contracts through the Official Journal, which was intended to open the barrier, has failed to make any inroads into the staunchly nationalistic nature of awarding contracts. The system requires that all contracts worth more than a million European currency units (Ecu) which is about \$850,000, be so advertised.

Mr Gaultier maintains that the UK has a good track record in complying with this requirement, but his federation would like to see the limit raised substantially.

He also feels that some members states avoid advertising by breaking down single projects into separate contracts, so that each ends up being worth less than the qualifying minimum.

Another measure intended to remove barriers is the promotion of Euro-codes on construction practice. Progress on these, some of which cover reinforced concrete structures, steel structures, and earthquake protection, has been described by Mr Gaultier as "painfully slow," and there is grave doubt whether they will ever emerge from the draft stage.

The exceptions which prove the rule do, however, also exist. For example, British-Irish joint venture, has been involved in the \$630m alumina extraction plant in the Shannon estuary under a contract worth £70m for mechanical plant.

Lag SA are building a \$51m borsari for 436 young offenders in Spain. Costain Civil Engineering have won a \$3m contract to design and construct an oil jetty in Greece.

For consultants, too, Europe is not fertile ground. Again, there are the exceptions, among them GCB International Design Group which has recently completed the renovation and refurbishment of Don Carlos Hotel in Barcelona and a feasibility study for a large scale tourist development in Lanzarote which it did in conjunction with Ove Arup.

The scene is very different for chartered surveyors, but their European activities are much more in the property rather than the construction sphere. Their advice on rating, letting, lease negotiation and project management is highly valued in Belgium, Luxembourg, the Netherlands, France and Germany.

When the Standard Chartered Bank acquired and altered the former Canadian Embassy building in Paris, no fewer than three firms of UK chartered surveyors were involved: one acted for the vendors, one for the buyers, and the third was quantity surveyors and project managers for the alterations.

The sale of the headquarters of Germany's largest shipping company, together with its lease-back from an insurance company, was also handled by British professionals.

Europe's construction industries are hopeful of a further slackening of the recession in 1984, if not its end. Industrial output in the EEC, which was down in the last six months of 1983, rose—albeit slowly—in 1983 and the inflation rates were falling. Unemployment is still rising—but at a slower rate.

In 1983, the output of the construction industries of Denmark, Italy, France, Germany and Great Britain was done 1.3 per cent on the previous year—a depressing statistic, but not as gloomy as the -4.6 per cent and -3.6 per cent recorded in the previous two years.

For 1984, the International European Construction Federation (FIEC) forecasts a "consolidation of construction activity at the 1983 level." Slight improvements may take place again in Britain and Germany, and possibly in Belgium and the Netherlands as well—but construction activity elsewhere in Europe will continue to fall.

Housebuilding, which kept the industry out of the dumps in Britain, Germany and Belgium in 1983, is expected to rise in Belgium, fall in Britain and stabilise in Germany. For non-residential buildings, the -2.9 per cent slump recorded in 1983 is expected to be repeated. For public works, the 4.3 per cent reduction in 1983 will slow to only -1.1 per cent, the Federation predicts.

Mira Bar-Hillel

## THE MIDDLE EAST

### Foreign contractors still in demand

ACCORDING TO the organisers of the ArabBuild exhibition and conference to be held in Bahrain in November, the slowdown in the Arab construction market has been "much exaggerated" and is due primarily to the "completion of infrastructure projects in some of the major cities such as Jeddah and Dubai."

It points out that completely new cities continue to be built, and that in some of the region's older markets where most of the infrastructure has been completed there is a secondary construction boom.

There is certainly something in what ArabBuild's promoters say. Oil glut or not, it was inevitable that there would be an eventual slowdown in business after the years of new found oil wealth.

The downturn in oil revenues has concentrated the minds of the region's planners and encouraged an increasingly tough-minded attitude towards construction projects and the role of foreign companies.

A major development in the construction market is the growing importance of Arab contractors and consultants. In a book entitled "The Arab Construction Industry" published this year by Groom Helm, a leading Arab technology and manpower consultant, Dr Antoine Zahlan argues for increased local participation in the building industry to improve the transfer of Western expertise.

He calculates that local inputs accounted for only 25 per cent of the total inputs to the \$800m worth of construction projects carried out in the Arab world in the past two decades. Gulf governments have been particularly keen to bolster local companies and have introduced legislation that makes it more and more desirable for foreign companies to enter into joint ventures with indigenous partners.

Figures on new contract awards since the extraordinary boom years of 1980 and 1981, reflect the impact of lower oil revenues and the Gulf war.

From a level of \$740m in 1981 the value of new contracts in the Middle East plummeted to \$44.8m in 1982 according to Middle East Contractors, Directory and Analysis (MECDA). In the first half of 1983 the

total value of new contracts reported in the Middle East Economic Digest (MEED) dropped to \$23.7m from \$27.6m in the same period of 1982.

Some Arab contractors did the field in 1983, although MEED estimates that its awards fell substantially for the year as a whole to \$17.6m compared with \$27.1m in 1982. Despite Iraq's continuing battles with Iran and its precarious financial position, it still managed to take second place with a MEED estimate of \$3.7m worth of new contracts.

Contractors in Iraq and Libya experienced severe payment problems in 1983, and many have been forced to accept deferred payment deals and of barter arrangements. Payment delays caused headaches for contractors in a number of other states, notably the United Arab Emirates, where the mechanics of construction financing has become of ever pressing concern to the region's contractors and bankers alike, and in January the Arab Bankers' Association and Bovis International held a three-day seminar in Abu Dhabi on bonds, guarantees and other aspects of the banker-contractor relationship.

#### Rewarding

For all its recent problems, the Middle East market will continue to be rewarding for the foreign contractor and consultant. There are tantalising prospects in sight when the Gulf war is over.

In remarkably confident mood, Libya last November signed what is said to be the largest ever contract in the Middle East worth \$3.3m, the contract awarded to Dong Ah Construction Industrial Company of South Korea for a man-made river "to carry water to the country's coastal city."

The Gulf states will continue to provide a steady stream of major projects.

Algeria is an increasingly interesting part of the market, with rapid and sustained growth. It has made a point of linking contract awards with gas sales and this has worked very much to the benefit of the French and the Italians.

Susanmah Tarbush  
Business Editor,  
The Middle East

## SOUTH EAST ASIA

### Moving into high gear

AMONG THE developing countries, the Association of Southeast Asian Nations (ASEAN) seems to have been in the best position to ride out the difficult economic environment.

Many countries in the region were worried 12 months ago when they saw their growth rates fall from the 10 per cent of the heady 1970s to about 5 per cent. But everything is relative: the industrialised world was stagnating at about 2 per cent growth at the time.

The economic problems affected construction, as in any other part of the world, but the base level of activity remained fairly high and the turn of this year has shown good trends for the industry in 1984 and beyond.

ASEAN is increasingly recognised as one of the safest markets for construction industry, one of great hope for the future.

The World Bank poured nearly US\$2,400m into ASEAN projects in the past financial year (up to June 1983), about half of which went to cover 12 projects in Indonesia. The next largest ASEAN borrower was the Philippines, then Thailand and finally Malaysia. About the same time approximately US\$1bn has been agreed in soft loans from Japan, and many other countries have bilateral agreements.

The Asian Development Bank (ADB) put nearly US\$900m into the same four countries in 1983. ADB funds went towards development projects totalling US\$2bn in Indonesia, US\$2,761m in the Philippines, US\$1,498m in Thailand, and US\$150m in Malaysia.

The bank estimates that 70 per cent of these funds end up in the construction industry's coffers.

Looking first at Singapore, most people's gateway to the region, the construction industry has shown a remarkable, but locally unusual, growth rate of 31 per cent in the first half of 1983.

Similar figures were achieved the year before. As well as a very active private sector, Singapore's government has an extensive programme of construction work.

Plans to build a further 100,000 units of public housing by 1985 have been speeded up, and civil work has begun on the US\$2.25bn mass rapid transport project, with the Japanese and French taking a good share.

Private sector work, covered by 883m worth of building plans approved last year, includes large projects of prestigious hotels, offices and shopping centres.

Across the causeway in Malaysia, the situation was bleak for a year or so until 1983 saw the commodity price slide reversed. A trade surplus is forecast for 1984, for the first time in a few years, of M\$2.5bn and the construction industry is expected to achieve a 9.2 per cent growth.

Private construction activity increased to a high level last year, particularly around Kuala Lumpur, because of improved commercial lending. The main impetus is non-residential work, particularly hotels as they received investment incentives in 1982. The upswing is expected to continue through to 1986.

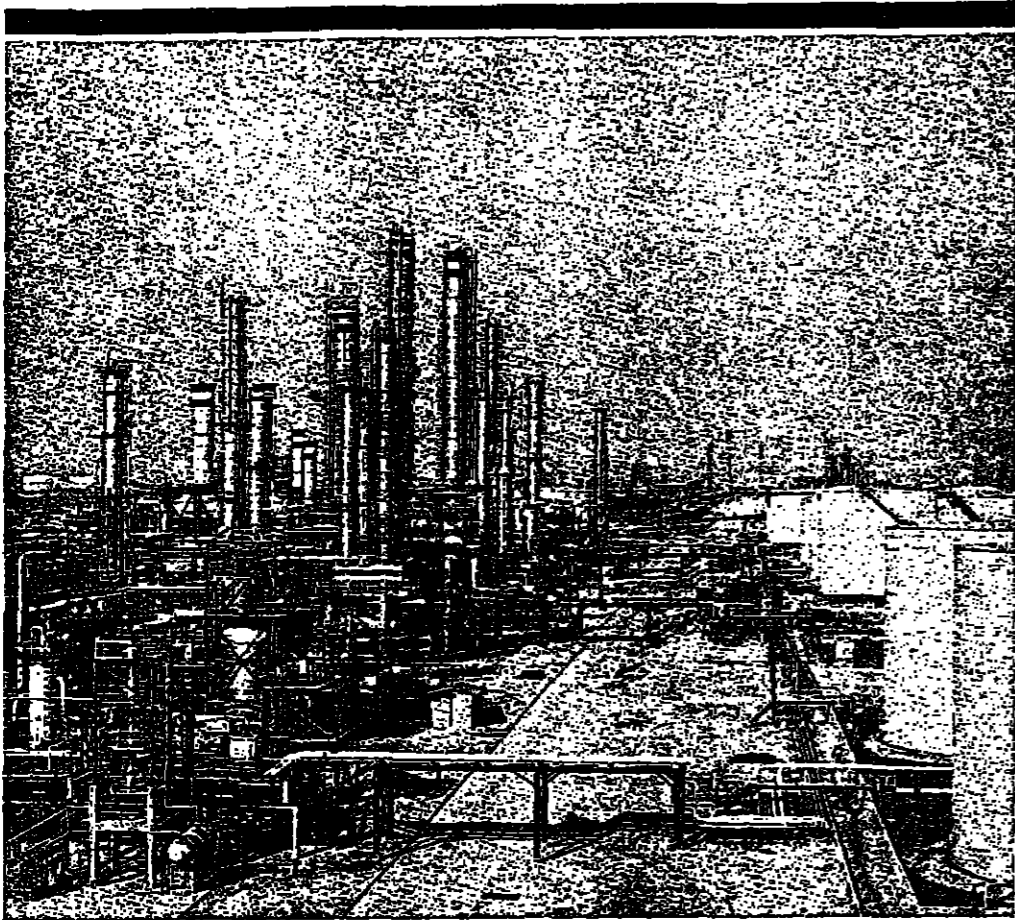
The Government will become a big spender again this year with construction of two deep sea ports at Songkhla and Phuket, Thailand's first cable stayed bridge, a multi-kilometre bridge across Songkhla Lake, a petrochemical complex and two major ports on the Eastern Seaboard industrial area.

Indonesia has had a rough 18 months or so as it depends largely on its oil for foreign exchange earnings.

Work in progress includes port construction, downstream industrial development, a new US\$11m power project, irrigation work, road projects and many rural development schemes.

Finally, the tiny oil sultanate of Brunei, with the highest per capita income in the world, is expected to spend about US\$500m on construction work next year. But nothing could compare in scale or grandeur to the new palace/government centre being completed there this year—at an undisclosed cost.

Nicola Carr



## ahead in the world...

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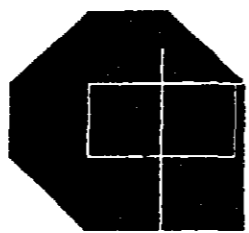
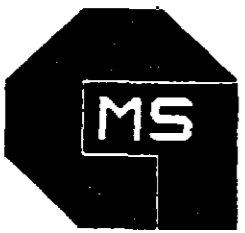
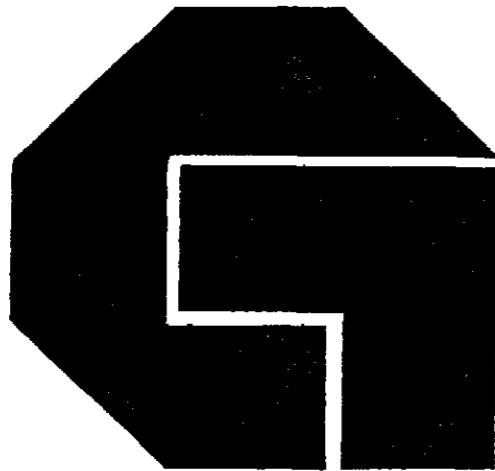


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